



FINAL MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE FINANCIAL YEAR

2014/2015

Acronyms and abbreviations

BSC	Budget Steering Committee
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DoRA	Division of Revenue Act
FBS	Free basic services
GVA	Gross Value Added
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MIG	Municipal Infrastructure Grant
EXCO	Executive Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator of South Africa
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan

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Part 1 – Annual Budget

1.1 Mayor's Report

Madam Speaker

Chief Whip of the majority party

Members of the Executive Committee

Honourable councillors

Acting Municipal Manager

HOD's and Acting HOD's

Ladies and gentlemen

Good afternoon, Thobela

Madam Speaker

Allow me first of all, to send our heartfelt congratulations to President Jacob Zuma and our new Premier Stan Mathabatha from the community and the electorate of Bela Bela, for their historic elections to their respective high offices following the landslide victory by the African National Congress at the recent national elections of 07th May 2014.

I also wish to take this moment, Madam Speaker, to wish well their new respective Cabinets especially the Minister, Deputy Ministers of Cooperative Governance and Traditional Affairs (Cogta) and our provincial MEC whom have legislative oversight over our functions and responsibilities, as a local municipality.

We feel particularly blessed at this critical sphere of governance to have a former finance minister and now Cogta Minister Pravin Gordhan, his deputy Andries Nel and Obed Bapela and our MEC Mme Makoma Makhurupetje, as our industry leaders and political champions.

This, honourable members, augurs very well for municipal governance, which remains a key centre at the coalface of service delivery, and of course government's first contact with people.

We are extremely pleased that a highly regarded and experienced minister like the honourable Pravin Gordhan, has accepted such responsibility to work with us.

Madam Speaker

Honourable members will recall that at some point in the past year or so, during our most difficult and trying period, the honourable Minister Gordhan came to our rescue as the then

Finance Minister by refusing calls to apply Section 139 to have us placed under administration, arguing instead for corrective measures which we ultimately undertook with the assistance of the National Treasury and their provincial counterparts, which resulting in us receiving our conditional grants and equitable share.

And that, we should, all remember it helped alleviate all the pressures we were experiencing at the time.

Madam Speaker

This is the type of capable and inspirational leader of our Mass Democratic Movement, whom our progressive party has deployed to work with us.

We will also remember too, honourable members, that prior to taking up his ministerial positions, Minister Gordhan was a globally acclaimed Commissioner of Revenue for the Republic, popularly known as taxman.

Therefore, his wealth of experience in building institutional capacity to collect and improve revenue, taxes and monies owed to the State, can never be overstated.

And that he will have experienced former deputy ministers such as Obed Bapela, who was most recently a deputy to the minister of Performance Monitoring and Evaluation in the Presidency, and Andries Nel, a former deputy minister in Cogta who also have the experience of Justice and Constitutional Affairs from his previous deployment

In this regard, I wish to take this moment to express, on behalf of our community, public and stakeholders, our most sincere gratitude to our historic movement for the wisdom and inspiring stance towards good governance in municipalities such as ours.

We believe their presence, together with our new Coghsta MEC, will ensure that all of us work hard to delivery not just service to our people, but quality service they so rightfully deserve.

Honourable Councilors, with these developments in mind, I cannot help but conceded that today is indeed a good year. We too, in local government, have a good story to tell as we move forward with much speed toward the realisation of building strong communities and ensuring a better live for all.

Madam Speaker

It is also a good year because the turbulent times that composed the nervous conditions of our nation during the early 1990's political landscape, has since disappeared from our radar screen, permanently.

Today, we stand here, tall in the knowledge that not only did we miraculously survive the painful times of the birth of our transition from apartheid to constitutional democracy, but we have equally championed the cause for a better life in Bela Bela for over two decades now, and we continue to do so, even today.

Madam Speaker

It is equally a brilliant year, in that, 20 years ago, we were faced with a real possibility of physical harm to our people in the face of the endless threats of civil war, sporadic violent conflicts, and verbal assaults from extremists and doomsayers alike.

These were people, who truly believed that a black man was not capable of governing self, town and country, his people and the society he led, let alone presiding over a white man's life, his children and that of his community.

In their political confusion and haste, they wanted to delay and frustrate the arrival of democracy and its spread of freedom everywhere else in the country including our province and small town of Bela Bela.

Honourable members

Many of us present here today, will easily remember the tension of the first major public strike that brought our town to a shutdown, resulting in tense confrontation between the black and white people in town, and alongside railway line that divides the town and township, at the entrance of Bela Bela township.

At the time, much as it was a more than just a culmination of a long journey characterised by a series of people's protests against the classification of our residents along skin colours, against deepening inequality, unparallel discrimination and growing levels of riches and poverty of amongst races, it was more so a direct response to the apartheid practices and its accompanying ideological thinking, which was internationally declared by the United Nations "a crime against humanity".

That today, we are able to sit in this house, reflecting the diversity of our nation and people united in a common cause, is something of a miracle indeed.

Just a little over 20 years ago this time, things were not as rosy as they look today.

Madam Speaker

Many of us, especially the elder councillors like the honourable Nhlapo, do remember a series of defiance campaigns, protest marches and consumer boycotts in the 80's led by civic leaders and our glorious movement in Bela Bela, as defining moments of our collective Struggle to affirm the dignity of the African people.

Even though, at the time we were living side by side with our fellow white residents in Bela Bela, we could not stand each other.

Apartheid had divided us.

Despite known fact that we were drinking from the same water sources and wells, and residing, schooling, shopping and administered in the same town, and separated by just a simple railway line, we are sworn enemies.

Our political differences was informed by our opposition and hatred of the apartheid system and the horrifying treatment, residents of Bela Bela township were getting from the white establishment in town.

Our municipality at the time, rather than been a progressive agent of change, was in actual fact, part of the problem.

And that must be said, for history to record our political lives properly.

A lot of black people were treated like dirt and foreigners in their town and excluded even from visiting and swimming in the Warm baths, which were founded by African people centuries ago. In fact, foreigners from as far as Germany, US and UK were more welcomed in Aventura than local communities.

This best infrastructure was in town and large portions of our municipality was allocated to our white compatriots. Priority was given to them, their town, schools and suburbs to the exclusion of the black race of the same town.

We are grateful that today, Aventura is our tourism icon, where local blacks and those from Gauteng, Limpopo, North West, Mpumalanga, KZN and foreign are welcome to swim and enjoy its hospitality.

This is a far cry from the heydays of Apartheid period when a black men was nothing. Indeed apartheid sought to dehumanize blacks, and sadly our municipality was part of that long history of discrimination.

Apart from dehumanizing black people, apartheid also sought to kill us, psychologically, physically and intellectually, as a people.

We are grateful to the African National Congress and the Alliance partners such as SANCO, and the undying Ubuntu spirit of our people's inspired by their love for the country, that we overcame.

It must therefore be said here today that a little over 20 years ago this time, things were not as rosy as they look today.

And that in itself, is a good story to tell.

Madam Speaker

We are meeting here today, 20 years later, after we all underwent an incredible transformation, from years of oppression, racial hatred, political indifference by our white counterparts and bad neighbourliness between the races of our people in Bela Bela.

It took the wisdom, foresight and courage of comrades and freedom fighters such as Johnson Ndou, Sam Makhubela, Sam Moloisane, Sam Matlaisane, Ntate Sedibana Ntate Mabusela, Edward Moloisane, to stand up to Zanyofa and Van Colere over the bucket system, lack of residential stands for blacks etc.

None of us will ever forget the indignity of a bucket system, and that at some point, many of our people were subjected to a stinking bucket system, backroom rentals, displacement, imprisonment and ill-treatment.

Some of these hard-fought battles led to the forced eradication of the bucket system and the establishment of what is today known as Mandela Village, even against the resistance of

town clerks and councillors at the time such as Frans Pienaar, Fanie Mostert, Pieter Wagner.

We therefore consider ourselves very lucky that, even at the height of discrimination, we had selfless leaders, community activists and prominent leaders such as Johnson Ndou and others, who wanted nothing but justice for black people and future generations.

Unfortunately, many were either made to disappear, jailed, harassed. And the travesty of justice is that many of these heroes have never been honoured by our people and in particular our municipality, for fighting for the restoration of the dignity of African people in Bela Bela.

Madam Speaker, when you consider everything else that has happened in this town and country, you cannot help be proud that today, here and now, we have a good story to tell.

The mere mention of the fact that we are able to easily provide proper sanitation, piped water, electricity and clearly alienated development, should not be taken lightly.

So today, we stand here in this gracious moment in our 20th year of Democracy, to tell this good story of the courageous men and women of Bela Bela, who fought gallantly for its people and this representative Council to be what it is today.

Madam Speaker

To this end, I wish to pay tribute to all the civic leaders of those difficult times and those black Council members who sat in here before us, as representative of our people, seeking justice and progress.

They are many to count now.

I wish to also take this moment to acknowledge my predecessors and town clerks who serve this institution and who, through their dedication, sacrifices and passions, broke down the racial barriers, and balkanised developmental patterns in Bela Bela.

I pay my respect to Cllr Yunus Lorgat, Cllr Henrietta Ledwaba, Cllr Zacharia Moeletsi, who, as Mayors of this town at different times, provided political leadership and direction. We may not have always agreed with them, but history books, the community and ourselves, will forever be indebted to them and their quality leadership.

They were and still are pathfinders for our community.

A special regard goes to all former municipal managers and town clerks in particular Mr John Fourie, Mr Andrew Dipela, Mr Sam Bambo for helping remodelling our societal landscape and effecting managerial changes to the life of our town and municipality.

Madam Speaker

I furthermore wish to take this august moment to also show my respect to Mr Thomas Pilane, who was the first senior black official of the municipality, together with other stalwarts like Maria Zikali and Patricia Morele and, who served our people as the first black cashier and switchboard operator in this municipality, respectively.

We are grateful for their bravery, selflessness and pioneering spirit to walk into unfamiliar territories and circumstances.

To this end, I would like to call upon our Council and administration, to consider documenting these stalwarts, whose contribution inspired many to consider occupying positions within this municipality.

This could be done through the capturing this spirit and its essence of doing good, in an official video for the municipality, to be share with the local schools, learners, residents, the world and any interested parties.

Madam Speaker

I also would like to appeal to Council to consider identifying a site within town and our Municipality, where we could begin setting up heritage site or museum, to enable us to tell the history of the struggle for freedom in Bela Bela, whilst simultaneously serving as a tourism attraction to the world.

In this town, Madam Speaker, we have heroes and heroines that still need to be known, promoted and honoured.

We owe it to them and their last legacies of fostering unity, peace, and for their sterling effort in ensuring that we are live in a free, non-sexist and prosperous nation, that adhere to the democratic laws as contained in our Constitution.

We have not only produce political figureheads but also prominent personalities in the different fields. Today, we are fortunate to have a Vice President of South African Football Association coming from Bela Bela.

We have produce legends such as AB de Villiers, Cisco Maphokga and many athletes who went to raise our flags in national sporting teams. We have doctors, who today serve anyone regardless of race.

Many people do not known that the current minister of Environmental Affairs and former Premier of North West Edna Molewa, is from here, so is the former Economic Development, Environment and Tourism Mme Pinkie Kekana is from here.

Today, we are producing more brilliant minds, heroes and heroines in both black and white communities of Bela Bela. And that historical and cultural richness needs to be preserved for future generations.

Madam Speaker

As I have already indicated, it has taken a laborious and meticulous process to remodel our town and municipality, but more so, our people. It took extraordinary efforts to even instill a sense of identity and pride amongst our people, reconciliation, forgiveness, unity and social cohesion in Bela Bela.

And part of the good story we are telling today, is that of the name change from Warmbad to Bela Bela and having our major street in town named after liberation and freedom fighter Chris Hani.

We are proud today that we were amongst the first towns and municipality to undertake such historic steps.

Honourable Councilors

We must never forget to tell that story and other good stories emanating from this municipality including that our people and municipality was amongst the first to abolish the bucket system.

And that amongst the many things we built was to establish new townships and provide bulk services in Masakhane, Ext 7 & 8, development Hostel View housing, upgraded Water Purification Plant, VIP toilets in Rapotokwane, High Pressure Tower in Radium, High Mast Lights at Masakhane and Bela Bela, road paving (phase 2, 3 & 4) in Bela Bela township and Pienaarsriver.

We must never be shy to talk about our public participation, which never existed during the apartheid years.

Today, we are able to go out to Warmbad Hoerskool as a collective of black and white municipal leadership, to address genuine concerns from the white business community, our coloured, Indian and African communities in Mountain View, Bela Bela township and Rapotokwane, and surrounding plots, without the fear of Mellow Yellow.

We still go to our communities to collate their views even when the environment is hostile to Council and its members.

We must never be afraid to tell tourism owners in Bela Bela that we intent to host a Tourism Indaba in August this year, to look jointly with them, at expanding and transforming the industry to be more beneficial to blacks and all our tourist consumers.

We want an all inclusive industry whilst serving the people of the world, it benefit local community.

Madam Speaker

Today, we are proud to say Bela Bela is still standing and developing.

As part of our 2014/15 Integrated Development Plan and Budget, we will be upgrading the Moloto Street Sport Stadium and Bela Bela High Stadium.

We intend to built Multipurpose complex, carry out road paving (phase 4) and upgrade Stormwater in Bela Bela township, bulk services in Ext 9.

All these essential capital projects composes our developmental agenda, designed to benefit the greater community of Bela Bela as we improve and better the quality of life.

Yes, there are challenges with the work rate of our staff, professionalization, efficiency and effectiveness of our institution, which we must attend to urgently.

We will be reengineering our institution and utilizing our conditional grants and equitable share, to lay infrastructure and to boost economic development, as we enter the next phase of radical economic transformation especially within the tourism industry.

We must fight corruption which is endemic within the different layers of our municipality. We cannot be stealing from the same people we claim to serve, majority of whom have been dealt severely by apartheid and its legacy.

We will be adhering to labour laws at all times to avoid unnecessarily costly legal fees.

We must insist on providing protective clothing to our workers. It can't be that our employees, working under democratic state, are exposed to ill-health because our municipality has either refused or failed to procure clothing for old men and women, who bore the brunt of apartheid.

We must demand professional and quality work from all our service providers at all times and paid them on time, and not withheld their invoice payment because we want them to suffer first so that they can give us 10% of their profits.

We must act professionally at all times and be responsive to the community because failure to adhere to this and the prescripts of the law will result in the community and other stakeholders disowning us and our services.

We have a constitutional obligation to move this municipality forward.

Madam Speaker

This Medium Term Revenue and Expenditure Framework (MTREF) Report for the 2014/2015 to 2016/2017 financial years deals with the operating budget and tariff proposals as well as the capital budget and funding sources proposals to ensure that Bela-Bela Local Municipality renders services to its local community in a sustainable manner.

When compiling an annual budget in terms of legislation the budget circulars from National Treasury must also be taken into consideration.

1. OVERVIEW OF BUDGET RELATED POLICIES

In Table 1 below, the relevant budget related policies are set out and tabled.

Table 1 : Budget Related Policies				
No	Policy Description	Date Reviewed/ Developed	Status	Comment
1	Credit Control and Debt Collection Policy	2014/15	In use	With effect from 01/07/2014
2	Property Rates Policy	2014/15	In use	With effect from 01/07/2014
3	Assets Management Policy	2013/14	In use	No changes recommended
4	Indigent Policy	2014/15	In use	With effect from 01/07/2014
5	Borrowing framework policy	2013/14	In use	No changes recommended
6	Budget Implementation and Monitoring Policy	2013/14	In use	No changes recommended
7	Cash Management and Investment Policy	2014/15	In use	With effect from 01/07/2014
8	Funding Reserves Policy	2013/14	In use	No changes recommended
9	Prioritisation Model for Capital Assets Investment	2014/15	Draft	With effect from 01/07/2014
10	Policy on Infrastructure Investment and Capital Projects	2013/14	In use	No changes recommended
11	Policy on Long Term Financial Planning	2013/14	In use	No changes recommended

Table 1 : Budget Related Policies				
No	Policy Description	Date Reviewed/ Developed	Status	Comment
12	Policy on Provision for doubtful debts and writing off of irrecoverable debts	2014/15	In use	With effect from 01/07/2014
13	Principles and Policy on Tariffs	2013/14	In use	No changes recommended
14	Petty Cash Policy	2014/15	Draft	With effect from 01/07/2014
15	Supply Chain Management Policy	2014/15	In use	With effect from 01/07/2014

Madam Speaker

There is one new policy developed as part of the review process of our budget related policies. A Draft Prioritisation Model for Capital Assets Investment (Appendix 1 attached to the report) was developed to prioritise all capital project requests. The capital projects will compete for available funding based on their percentage points obtained in the prioritisation process. More about the available funding sources for capital projects have been discussed in paragraph 1.4above in this report.

Amendments in Supply Chain management policy

- The main amendments to the Supply Chain Management Policy include the inclusion of The Cost containment measures as part of the annexures to the policy.

Policy on Provision for doubtful debts and writing off of irrecoverable debts

The main changes of on the policy includes:

- All outstanding indigent accounts for 2014/15 financial year will be written off upon approval
- If 50.00% of the 60 and more days outstanding account is paid, the remaining 50.00% will be written off.
- 10.00% discount will be given on July 2014 services accounts for all up to date customer accounts(Customers who properly serviced their accounts until a day before July 2014 billing date)

Property rates policy

The main changes of on the policy includes:

- 10.00% Rebate will be granted to all residential account
- 65.00% rebate will be granted to approved bona-fide farmers
- No increase in the Rand in a Cent for all categories

2. OVERVIEW OF BUDGET ASSUMPTIONS

Madam Speaker

Council's wage bill, bulk purchases and capital charges constitutes 75% of our operating budget expenditure.

Council have very little control over them since the cost of living salary increases are determined at a higher authority (Bargaining Council level); bulk electricity purchases by NERSA; bulk water purchase by Magalies; and, interest on loans to be set by borrowing authorities (Financial Institutions).

The cost of living and notch increases on the wage bill amounted to 6.00% and 5.00% over the last two financial years and is estimated to increase with 6.8% for 2014/2015 and 6.4% for the two outgoing years.

Bulk electricity purchases increased with 12% in the previous financial year and are estimated to increase with 7.39% for 2014/2015 and 7.39% for the two outgoing years.

Bulk water purchases increased with 15.0% and over the last two financial years and are estimated to increase with 15.00% for 2014/2015 and 15.00% over the next two outgoing years. Interest rate on external borrowings is 10.69% and seriously affects our operating budget when we borrow money to finance our capital expenditure.

Compare the above with actual CPIX inflation rate of 5.9% in the last two financial years and the estimated CPIX of 6.2% for 2014/2015 and the 5.9% for the outer two years and one will see that Council cannot approve tariffs at the inflation rate levels if Council would like to sustain their service standards.

Table 2 Budget Assumptions				
No	Expenditure / Revenue Component	2014/15	2015/16	2016/17
1	CPI Inflation Rate	6.20%	5.90%	5.50%
2	Property Rates Revenue Increases	0.00%**	5.90%	5.50%
3	Electricity Revenue increases	7.40%	7.40%	7.40%
4	Water Revenue Increases	16.00%	16.00%	16.00%
5	Sanitation Revenue Increases	5.40%	5.40%	5.40%
6	Refuse Revenue Increases	5.40%	5.40%	5.40%
7	Rental Revenue Increases	5.40%	5.40%	5.40%
8	Sundry Revenue Increases	5.40%	5.90%	5.50%
9	Salaries	6.80%	6.40%	6.40%
10	Bulk Electricity Purchases	7.39%	7.39%	7.39%
11	Bulk Water Purchases	15.00%	15.00%	15.00%

***Note that residential tariff was reduced by inflation linked rate (6.2%).*

In Table 2 above the estimated operating revenue stream increases are depicted to fund the operating budget expenditure. It must be emphasised that to balance the operating budget, senior management had to cut material amount worth of operating expenditure requests that exceeded our affordable and sustainable revenue streams.

The revenue streams increases as follows

- Property rates with 0.0%**;
- Electricity revenue with 7.40%
- Water revenue with 16.00%
- Sanitation revenue with 5.40%
- Refuse removal revenue with 5.40%
- Rental revenue with 8.00% and
- Sundry revenue with 6.20%.

It must be noted that property rates revenue due to the general valuation will undergo restructured tariffs. Electricity revenue tariffs will also undergo some restructuring especially with regard to the time-of-use customers and pre-paid electricity customers. Council is sensitive to the affordability and sustainability of the tariffs to be imposed.

We carefully monitor the payment and collection rates and are thankful that the customer base of Bela-Bela Municipality pays more than 80.00% of their billed accounts.

Through the financial support and incentives envisaged through our new budget related policies developed we are hopeful that the payment rate will increase to 90.00% over the next 12 to 15 months.

The budget is financed through realistically anticipated revenue streams.

Anticipated operating revenue (total operating revenue less revenue forgone) for 2014/2015 is estimated at R307.1 million or R 42.8 million (16.19%) more than the adjustments budget revenue of R264.3 million for 2013/2014.

Property rates revenue increases with 24.39% and services charges revenue on average with 18.02% compared with the individual increases for electricity (21.17%) water (20.38%), sanitation (0.69%) and refuse removal (5.98%).

Operating grants decreases with R3 309 000 (5.00%) from R 64 214 000 to R 60 905 000. The decrease in operational grants is caused by 2012/13 equitable share which was only allocated during 2013/14 Financial year.

The increase in property rates income is as a result of increased customer base and increase in property value around Bela-Bela area.

Madam Speaker

Total operating expenditure for 2014/2015 is estimated at R 296 000 000 which is (5%) or (R13 000 000) more than the adjustments budget expenditure of R 283 000 for 2013/2014 financial year

The wage bill, bulk electricity purchases, bulk water purchases and capital charges (interest and depreciation) represent the major change in operating expenditure.

Excessive fat were cut from the general expenses category and very little fat, if any, now remains in the operating budget. Major expenditure line items is estimated to change with the following averages:

- Employee related cost, 12.00%
- Bulk Purchases: Electricity, 7.39%
- Bulk Purchases: Water, 15.00%

The draft operating budget depicts a surplus of R10 200 000 for the 2014/2015 financial year, R17 244 000 for the 2015/16 and R24 601 000 for the 2016/2017 financial year.

3. CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by funding source:

Table A - 2014/15 Medium-term capital budget per funding source

As part of the budget documentation there is a Draft Prioritisation Model for Capital Assets Investment (attached as Annexure1 to this report) against which all capital projects will be evaluated and prioritised for competing for available capital budget funding resources.

In Table below the IDP needs and available funding sources to meet these needs are depicted. The IDP needs for capital projects expenditure amounts to R 133 942 806 and compared with the available and sustainable funding resources of about R 99 383 000 leaves us with a difference of R34 559 806 or 26.00% of our IDP needs that we cannot service with available sustainable funding sources. This Picture clearly indicates that we must use our scarce resources where the highest priority of resources exists.

Table A: Available funding Sources to be used for the prioritisation model for capital Assets Investment						
Financial Year	IDP Needs	Funding Source Grants	Funding Source CRR	Funding Source Loans	Total Capital Expenditure to be prioritised	Total IDP Needs not funded
2014/15	55 249 333	22 193 000	10 000 000	0	32 193 000	23 056 333
2015/16	34 660 473	23 157 000	10 000 000	0	33 157 000	1 503 473
2016/17	44 033 000	24 033 000	10 000 000	0	34 033 000	10 000 000
Grand Total	133 942 806	69 383 000	30 000 000	0	99 383 000	34 559 806

The table above it is clear that we cannot service the IDP needs and request for capital funding of R55 249 333. Our operating budget and available reserve can only service R10 000 000 and we simply cannot afford to borrow to finance capital expenditure through external loans to avoid inflating the cost of our services to unaffordable level by our customers. Add to this amount the Division of Revenue Bill grants of R 22 193 00 then our affordable and sustainable capital budget amounts to R 32 193 000 for the 2014/2015 financial year.

The available R22 193 000 MIG funds for 2014/2015 will be distributed as per the Prioritisation Model for Capital Assets Investment as indicated in The table below. Basic services infrastructure will receive R11 200 000 or 50.00%, social infrastructure will receive R9 883 350 or 45.00% and Project Management Unit cost will receive R 1 109 650 or 5.00% each of the total available amount.

Madam Speaker

It is important to note how we have structured our tariffs for the 2014/2015 financial year

Property Rates

The residential property rates tariff will decreased by 6.2% in 2014/15 financial year while other categories will remain unchanged.

	2013/2014	2014/2015
a) Residential	0.0120	0.0113
b) Bona Fide Farmers, Public Service Infrastructure, Public Benefit Organisations	0.0030	0.0030
c) Farms Residential	0.0106	0.0099
d) Farms not used for any purpose	-	0.0106
e) Farms Other	-	0.0133
f) State Owned Properties	0.0133	0.0133
g) Business/Industrial	0.0133	0.0133
h) Vacant Land Residential & Other	0.0133	0.0133
i) Vacant Land Business	-	0.0146

SERVICE CHARGES

Refuse

The proposed refuse tariff increase for 2014/2015 is 5.40%

	2013/2014	2014/2015
a) Smaller than 800m ²	39.70	41.84
b) Larger than 800m ²	94.11	99.19
c) Commercial	235.27	247.97
d) Security Villages (per container)	2422.91	2553.75
e) Flats (per flat)	70.58	74.39
g) Churches	94.11	99.19
h) Schools	985.17	1038.37
i) Hospitals - State	985.17	1038.37
j) Hospitals - Private	1999.17	2107.76

Indigent Subsidy

Indigents households shall be granted full subsidy on refuse charges i.t.o Indigent Policy.

Sanitation

The proposed sanitation tariff increase for 2014/2015 is 5.40%

	2013/2014	2014/2015
a) Smaller than 800m ²	39.10	41.22
b) Larger than 800m ²	108.82	114.70
c) Commercial	289.06	304.67
d) Security Villages and Flats (per unit)	81.61	86.01
e) Churches	111.45	117.47
f) Schools	323.06	340.51
g) Hospitals - State	510.10	537.65
h) Hospitals - Private	933.91	984.34

Indigent Subsidy

Indigents households shall be granted full subsidy on sanitation charges i.t.o Indigent Policy.

Water

The water tariff increase for 2014/2015 is 16.00%

NB: The water tariff increase is in line with Magalies Water tariffs

	2013/2014	2014/2015
a) Residential: Flats and Security		
• 1kl – 30kl	9.16	10.63
• 31kl – 50kl	10.92	12.66
• 51kl – 80kl	11.35	13.16
• 81kl and more	17.45	20.24
b) Other Consumers		
• Old Age Homes/Schools	10.05	11.65
• Places of Worship	10.05	11.65
• Commercial Erven	10.92	12.66
• Hospitals - State	10.05	11.65
• Hospitals - Private	10.92	12.66

Indigent Subsidy

Indigents households shall receive 10kl free on water charges i.t.o Indigent Policy.

Electricity

The Electricity tariff increase for 2014/2015 is 7.40%

NB: The electricity tariff increase approved by NERSA

Conventional Electricity

Block Tariffs

	2013/2014	2014/2015
a) Energy	(C/Kwh)	(C/Kwh)
• Block 1 (0-50 kwh)	67.73	71.46
• Block 2 (51-350 kwh)	83.78	89.97
• Block 3 (351-600 kwh)	116.63	125.25
• Block 4 (> 600kwh)	137.82	148.00

Prepaid Electricity

Block Tariffs

	2013/2014	2014/2015
a) General Consumers	(C/Kwh)	(C/Kwh)
• Block 1 (0-100 kwh)	104.50	110.25
• Block 2 (101-450 kwh)	117.70	126.40

• Block 3 (451-700 kwh)	130.54	140.19
• Block 4 (> 700kwh)	135.89	145.93
	(R/Kwh)	(R/Kwh)
b) Commercial	1.36	1.46

Indigent Subsidy

Indigents households shall receive 100kwh free on prepaid electricity i.t.o Indigent Policy

Sundry Charges

Other sundry charges will increase by inflation rate (5.4%)

Madam Speaker

Our propose capital expenditure for the next three financial year is as follows:

Table5: THREE YEAR MIG CAPITAL PROGRAM AS PROPOSED						
NO	PROJECT NAME	DIRECTORATE	INFRASTRUCTURE TYPE	2014/2015	2015/2016	2016/2017
1	Bulk infrastructure	Technical Services	Community facility	4 025 172		
2	Multi purpose centre:X6	Social &Comm Services	Community facility	5 000 000	6 200 000	
3	Upgrade Moloto Street Sport Stadium	Social &Comm Services	Community facility	3 754 750	6 000 000	
4	Bela-Bela High: Sport Stadium	Social &Comm Services	Community facility	1 103 428		
5	Storm water Limpopo Road	Technical Services	Roads & Storm-water	3 700 000	5 500 000	
6	Road Paving Phase4	Technical Services	Roads & Storm-water	3 500 000	4 299 150	8 000 000
7	Bulk infrastructure X 25	Technical Services	Community facility			11 226 400
8	Upgrade of Sunfa Stadium	Social &Comm Services	Community facility		-	3 604 950
9	Roads Tarring – Bela-Bela	Technical Services	Roads & Storm-water	10 000 000	10 000 000	10 000 000
	PMU costs	PMU Division		1 109 650	1 157 850	1 201 650
	Projected Expenditure			32 193 000	33 157 000	34 033 000
	MIG Allocation			22 193 000	23 157 000	24 033 000
	Own Source			10 000 000	10 000 000	10 000 000
	Balance			-	-	-

Madam Speaker

It is important to note that the rating criteria was not applied consistently in all projects and that skewed the percentage points that was allocated to each capital project.

Please note that the prioritised capital programme has been communicated through the IDP and budget road show in April 2014 and any member of the public, stake holder, councillor or even officials have submitted comments on the draft budget.

The MFMA requires from the Executive Mayor to assess on any comments received and then advise Council on any comments received. The Municipal Manager and the administration must in terms of section 68 of the MFMA assist the Executive Mayor in this regard.

All public participation comments have been considered and implemented in the budget where necessary.

Madam Speaker

It is therefore my pleasure to present to you and Council of Bela Bela, the Final Draft Annual IDP/Budget for 2014/2015 for adoption and furthermore recommended that be approved in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

I thank you.

1.2 Council Resolutions

Council of Bela-Bela Local Municipality met on 29 May 2014 at Bela-Bela Local municipality council chamber where the Mayor tabled the 2014/15 Medium-Term Revenue and Expenditure Framework for consideration for adoption by Council in terms of section 24(1) of the Municipal Finance Management Act (56 of 2003). At the meeting the Council made the following resolutions:

1. The Council of Bela-Bela Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The final annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 6;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 7;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 8;
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 9.
 - 1.2. The cash flow budget, cash-backed reserve/accumulated surplus and asset management are approved as set out in the following tables:
 - 1.2.1. Budgeted Cash Flows as contained in Table 11;
 - 1.2.2. Asset management as contained in Table 13.
2. The Council of Bela-Bela Local Municipality approves the following 2014/15 revised budget related policies as set out in Annexure 1:
 - 2.1. Property rates policy and By-Law
 - 2.2. Debt and credit control policy and By-Law
 - 2.3. Budget implementation and monitoring
 - 2.4. Supply Chain Management
 - 2.5. Indigent consumers Policy and By-Law
 - 2.6. Funding and reserves
 - 2.7. Cash and Investment management
 - 2.8. Long term financial plan
 - 2.9. Tariffs
 - 2.10. Borrowing
 - 2.11. Management and Disposal of Assets
 - 2.12. Infrastructure Investment and Capital Projects
 - 2.13. Petty cash policy
 - 2.14. Prioritisation Model for Capital Assets Investment
 - 2.15. Doubtful debt and writing off of irrecoverable debt

3. The Council of Bela-Bela Local Municipality , acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs as set out in Annexure 2;
 - 3.1. the tariffs for property rates;
 - 3.2. the tariffs for electricity;
 - 3.3. the tariffs for the supply of water;
 - 3.4. the tariffs for sanitation services;
 - 3.5. the tariffs for solid waste services;
 - 3.6. the tariffs for all sundry services;
4. The Council of Bela-Bela Local Municipality approves the 2014/15 revised Organisational structure as set out in Appendix 3;
5. The Council of Bela-Bela Local Municipality approves the 2014/15 revised Performance Management Framework as set out in Appendix 4;
6. The Council of Bela-Bela Local Municipality approves the 2014/15 revised IDP as set out in Appendix 5;
7. To give proper effect to the municipality's annual budget, the Council of Bela-Bela Local Municipality approves:
 - 7.1. That the cash backing that was implemented in the 2013/14 financial year be continued through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of section 8 of the Municipal Budget and Reporting Regulations.
 - 7.2. That the municipality did not budget to raise long-term loans to fund the capital budget.
8. That the Accounting Officer adheres to all prescribed requirements in terms of legislation regarding the submission of the budget document to the various institutions.

1.3 Executive Summary

Bela-Bela Local municipality recognises the application of sound financial management principles for the compilation of the municipality's financial plan as essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The process of developing the municipality's annual budget is mostly guided by the strategic thrust and operational priorities of Bela-Bela's Integrated Development Plan (IDP) as well as the MTREF that sets out the expected annual revenue and projected expenditure for the budget year under consideration, plus the four (4) outer years.

As part of the 2014/2015 to 2018/2019 planning and budget process the Municipality's business and service delivery priorities were reviewed. Where appropriate, funds were allocated from low to high priority programmes so as to maintain sound financial stewardship. A critical review was also conducted to unearth expenditure on non-core and "nice to have" items. The compilation of the 2014/2015 to 2018/2019 Medium Term Revenue and Expenditure Framework (MTREF) was very challenging for a number of

factors, with considerable potential impacts on core service delivery cost and revenue components influenced the finalisation of the MTREF.

The compilation of the 2014/15 MTREF was guided by the following legislative and policy framework:

- The Constitution of the Republic of South Africa, Act 108 of 1996;
- Municipal Finance Management Act (No. 56 of 2003);
- Municipal Budget and Reporting Regulations (Government Gazette 32141);
- Budget Formats Guideline;
- Annual Division of Revenue Act;
- Municipal Structures Act (No. 117 of 1998), as amended;
- Municipal Systems Act (No. 32 of 2000), as amended;
- Municipal Property Rates Act (No. 6 of 2004), as amended;
- Municipal Fiscal Powers and Functions Act (No. 12 of 2007);
- MFMA Circular 12: Definition of Vote in MFMA ;
- MFMA Circular 42: Funding a Municipal Budget;
- MFMA Circulars 48, 51, 54, 55, 66, 67, 70, 72; and
- Local Government Capital Asset Management Guideline.

The following budget principles and assumptions directly informed the compilation of the 2014/2015 MTREF;

- National Treasury's MFMA Circular No. 48, 51, 55, 58, 59, 66, 67, 70 and 72 were used to guide the compilation of the 2014-2017 MTERF.
- Headline inflation predictions;
- National outcomes and priorities
- NERSA guidelines
- The priorities and targets in relation to the key strategic focus areas as determined in the IDP;
- The 2013/2014 Adjustment Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baseline for the 2014/2015 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The level of tariff increases to ensure the delivery of services on a financially sustainable basis;
- An assessment of the relative human resources capacity to implement the Budget; and
- The need to enhance the municipality's revenue base,
- All conditional grants should always be cash backed;
- Cash flow projections should be strictly maintained to ensure the municipality ability to meets its obligations;
- Provision for non-receipt of billed income has been made in the budget (this is called working capital budget). It is assumed that the total income budget of 85% will be

received as actual income. For the first six months in the 2013/2014 financial year collection rate averaged 80%, while in the last three months it averaged around 79%.

- Operational cost will be maintained at current levels or reduced as cost containment measures will continue to be implemented.
- Expenditure will be strictly monitored and be limited to the “absolutely necessary” items. Expenditure on the “nice to have” will be stopped forthwith.

The main challenges experienced during the compilation of the 2014/15 to 2018/19 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging and insufficiently funded maintenance for water, roads and electricity infrastructure;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the Municipality’s cash position into account;
- The increased cost of bulk water and electricity (due to tariff increases from Magalies Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, and the requirement to fill funded vacant, critical and essential positions in accordance with the Salary and Wage Collective Agreement;
- Damage to municipal assets caused by floods that occurred in February 2014;
- Insufficient Capital Replacement Reserve, impacting on the Municipality’s ability to fund capital expenditure from internal sources;
- Deferral of capital projects in 2012/2013 budget year to 2013/2014, resulting in a backlog in the 2013/2014 financial year.
- Unavailability of affordable capital/borrowing.

The rates and tariffs for various municipal services are increased as follows from the previous year. These increases are in line with the National Treasury guidelines contained in Budget Circulars 66 and 67.

- Property rates tariffs remain unchanged for 2014/2015
- Electricity 7.4%
- Water 16%
- Sewerage 5.4%
- Refuse 5.4%
- Tariffs for sundry services 5.4%

On the expenditure side, the percentage increases were as follows:

- Employee salaries 6.8%
- Councillors allowances 6%
- Water purchases 15%
- Electricity purchases 7.39%

The 2014/15 MTREF as tabled before Council on 27 March 2014 for community consultation was published on the municipality’s website, and hard copies were made available at municipal offices and municipal library. Electronic and hard copies were sent to National Treasury and the Limpopo Provincial Treasury.

The municipality held public participation sessions with the communities in terms of the relevant legislation. A budget summary document, called “Budget at a Glance”, was issued and discussed at these sessions. Comments were received from the local communities. The applicable dates and venues were published in all the local newspapers and municipal notice boards.

A budget review exercise was conducted by the Provincial Treasury. Subsequent to the review, a preliminary feedback report was submitted to the municipality together with a compliance checklist. The National Treasury also submitted a compliance checklist on the tabled budget. The key issues raised by both the Treasuries were:

- Non and/ or incompleteness of all budget schedules A1 to SA37;
- Insufficient funding of repairs and maintenance budget;
- Some grants not aligned to allocations in Division of Revenue Act; and
- Non submission of the SDBIP.

The municipality found that the review exercise conducted by Provincial Treasury was extremely helpful and bolstered its effort to turnaround our unfortunate history of non-compliance. All the comments that were received from both the Provincial and National Treasury were incorporated into the final budget that was presented to Council for adoption. A huge effort was made to ensure that all budget schedules are properly completed.

Council resolved to build up a Capital Reserve Fund over the medium-term in terms of the long-term financial plan/policy. This means that over the next three to five years Council expects to have built up enough cash reserve to fund capital expenditure. The Municipality has built up a cash backed-reserve of R10 million during 2013/2014 to fund the construction of road infrastructure in the 2014/2015 financial year. The municipality will continue to build up Cash Replacement Reserves in the upcoming financial years. The performance agreements of both the Accounting Officer and the Chief Financial Officer will include the building of a reserve fund as a milestone.

The credit and debt collection drive that Council embarked on in the past financial year resulted in the payment level improving. In this regard the administration is continuing to implement the following;

- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges.
- Consistent and sustainable implementation of credit control action to all households and other consumers that can afford payment of services, including reminder letters, telephone, sms and other means of reminding consumers of the obligation with regard to their municipal accounts;
- Approval of indigent register;
- Resolution of the current stand-off between the farmers and Council;
- Accurate and predictable monthly billing of municipal services, which requires that accounts are sent regularly and on time can enable consumers to plan or arrange for payment of services; and
- A ward based campaign that is lead by the respective ward Councillor to promote payment of services within each ward. This campaign should include all stakeholders and the ward committees.

The municipality also held a strategy breakaway session on the 27 March 2014 where strategic objectives were reviewed. The review of these strategic objectives was crucial for the compilation of the budget.

All the other comments by the Provincial Treasury were incorporated into the budget, including all other administrative corrections that were identified in the review exercise.

FUNDING COMPLIANCE

A key reform programme of the National Treasury is to test whether the municipal budgets have been sufficiently funded. This resulted in the development of the Funding Compliance test on all budgets. After receipt of the feedback report from the Provincial and National Treasury, the municipality conducted a funding compliance test on the budget. It was found out that the budget was sufficiently funded and credible, as can be observed from Supporting Table SA10.

1.3.1. Budget Overview for the 2014/15 MTREF

This section provides an overview of the Bela-Bela Municipality's 2014/15 to 2016/17 MTREF. It focuses on the billing and revenue environment of the municipality, the expenditure framework includes an assessment of how the budget links with the national and provincial government contexts along with a review of the fiscal position of Bela-Bela Municipality.

1.3.1.1. Operating Revenue Framework

For Bela-Bela municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue levels. In these tough economic times, strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that the municipality is faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges;
- Continuous engagements with key stakeholders, particularly farmers and business, to collect outstanding debt and improve current collection levels;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Revenue By Source</u>											
Property rates	2	37,782	39,360	44,807	42,550	47,752	47,752	37,531	59,401	69,496	73,249
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	6,803	70,432	80,584	77,329	85,431	85,431	55,812	103,517	111,298	119,664
Service charges - water revenue	2	9,671	19,419	20,979	20,296	20,296	20,296	13,050	24,433	28,098	32,313
Service charges - sanitation revenue	2	5,885	7,183	7,676	7,260	7,260	7,260	5,404	7,310	7,742	8,198
Service charges - refuse revenue	2	5,988	6,708	6,932	6,903	6,903	6,903	4,945	6,490	6,873	7,279
Service charges - other		(25)	19	517	271	3,600	3,600	1,616	4,002	4,218	4,446
Rental of facilities and equipment		354	1,303	596	214	1,345	1,345	800	1,616	1,704	1,796
Interest earned - external investments		97	134	325	356	356	356	226	376	396	418
Interest earned - outstanding debtors		6,471	9,479	6,005	9,785	9,785	9,785	5,361	10,333	10,891	11,479
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1,228	1,197	4,056	-	-	-	-	-	-	-
Licences and permits		7,148	8,540	11,529	8,750	8,750	8,750	5,909	10,000	10,540	11,109
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		38,031	42,317	34,903	53,722	64,214	64,214	40,008	60,905	69,417	74,565
Other revenue	2	1,169	6,769	(4,401)	7,904	8,649	8,649	7,788	18,795	16,651	17,554
Gains on disposal of PPE		-	(2,555)	758	-	-	-	(7,922)	-	-	-
Total Revenue (excluding capital transfers and contributions)		120,601	210,306	215,265	235,340	264,341	264,341	170,527	307,179	337,323	362,069

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The budget is financed through realistically anticipated revenue streams.

Anticipated operating revenue (total operating revenue less revenue forgone) for 2014/2015 is estimated at R307.1 million or R 42.8 million (16.19%) more than the adjustments budget revenue of R264.3 million for 2013/2014. This increment is above the CPI rate and this is due to increases in property value and new developments which led to increase in property rates. During 2011/112 to 2012/13 Council experience a lot of challenges with the valuation roll, however all the challenges has been resolve in the previous financial year with the publication of the supplementary valuation roll. This is the primary reason for the above inflation increase in the property rates income.

Property rates revenue increases with 24.39% and services charges revenue on average with 18.02% compared with the individual increases for electricity (21.17%) water (20.38%), sanitation (0.69%) and refuse removal (5.98%). Operating grants decreases with R3 309 000 (5.00%) from R 64 214 000 to R 60 905 000. The decrease in operational grants is caused by the portion of 2012/13 equitable share grant which was only allocated during 2013/14 Financial year.

Operating grants and transfers totals R64.2 million in the 2013/14 financial year and steadily increases to R204.8 million over the 3-year MTREF. Note that the year-on-year growth for 2015/16 financial year which is 13.00 per cent and 8.8 per cent in 2016/17 and increase of 7.00 per cent in 2017/18.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 2 Operating Transfers and Grant Receipts

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		38,031	42,317	34,903	53,722	64,214	64,214	60,905	69,417	74,565
Local Government Equitable Share		35,685	39,329	30,818	48,639	59,949	59,949	54,332	63,253	68,258
Financial Management		–	419	173	–	200	200	211	223	235
Municipal System Improvement		993	1,228	1,500	2,568	1,550	1,550	1,600	1,650	1,700
Water Services Operating Subsidy		1,189	787	800	890	890	890	934	967	1,019
EPWP incentive		129	277	482	625	625	625	1,705	1,201	1,230
Other transfers/grants		–	–	–	–	–	–	–	–	–
MIG Operational		34	277	1,130	1,000	1,000	1,000	2,123	2,123	2,123
Provincial Government:		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	38,031	42,317	34,903	53,722	64,214	64,214	60,905	69,417	74,565

Grant dependence

Grant dependence ratio is sitting at 80% (60905-307179/307179). The ratio measures the extent to which the municipality's total capital expenditure is funded through internally generated funds or borrowings.

As table 2 above shows, operating grants decrease from R64.2 million in 2013/14 to R60.9.2 million in 2014/15 and then increases to R69.4 million in 2015/16. These allocations are in line with allocations in the 2014/15 annual Division of Revenue Act. Of importance to note is that no grants were allocated from the provincial government and the district municipality.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Magalies Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external

agencies, the impact they have is largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement, etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

Property Rates

In the 2014/2015 financial year, the property taxes paid by owners will remain unchanged, whilst total rates income will increase by 24.39% as a result of projected growth due to natural growth and completed developments to be included in the income base. Rates rebates to residential areas and bona fide farmers are also available as per the requirements of the amended property rates policy, to qualifying ratepayers.

The following stipulations in the revised Property Rates Policy are highlighted:

Municipal properties

Municipal properties are exempted from paying property rates.

Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying property rates. **For the 2014/2015 financial year the maximum amount is determined as R50 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1)(h) of the Act are included in the amount as referred to above as annually determined by the Municipality. The remaining R35 000 is aimed primarily at alleviating poverty and forms an important part of the Municipality's indigent policy.

Public Service Infrastructure

Public Services Infrastructure is exempted from paying rates as it provides essential services to the community.

Public Benefit Organisations

Public Benefit Organisation Property means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.

The abovementioned exemptions will automatically apply and no application is thus required by the owners of such property.

Electricity

According to NERSA, the inclining block rate tariff structure is commonly used to charge for electricity usage. The feature of this tariff structure is that the more a consumer uses, the higher the average price. The objective of the inclining block tariff is to provide protection for lower usage customers against high price increases resulting in a reduction in tariffs to these customers. This means that higher consumption customers will see increasingly punitive charges based on their electricity usage. The municipality is implementing the directive from NERSA as part of the Municipality's Licensing Agreement.

Council's attention is further drawn to the fact that the proposed electricity tariff is prescribed at 7.4% whereas the increase in electricity bulk purchases for the 2014/2015 financial year is also 7.4% as approved by NERSA (National Electricity Regulator of South Africa) for implementation by all municipalities.

Water

Our country is facing a similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. As a result, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost of associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Therefore, maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Magalies has increased its bulk tariffs with 15% from 01 July 2014.

In the 2014/15 financial year the water tariff will increase by 16%. The increase in the proposed tariff is mainly due to the increase in the cost of bulk water purchases which increased by 15 %, repairs and maintenance of water infrastructure that has increased and the increased provision for debt impairment, in view of increasing debt.

Sewerage (Sanitation)

The proposed increase in this tariff is 5.40%. This tariff increase above is prescribed by circular 66 from National Treasury. **Sanitation is an economic service which should be run at a profit. In the 2014/15 financial year this tariff will undergo a restructuring process in order to break-even the cost.**

Refuse (Solid Waste)

The solid waste tariffs were modelled to give effect to the principle of the service charge being cost reflective as the service cannot be cross-subsidized. It is proposed that the tariff increases by 5.40% as a result of the before mentioned. The very nature of this tariff does not lend it to financing the expansion of the landfill site.

Debt Management

The municipality is currently executing all credit control and debt collection procedures as required in the Credit Control and Debt Collection policy approved by Council. These

internal procedures followed include the disconnection of services where there are services that can be disconnected, the issuing of final notices, the conclusion of reasonable agreements where the settlement of the accounts are not possible and also the follow up on defaulting debtors not honouring arrangements.

The provision of debt impairment was determined based on an annual collection rate of 80% and the provision for doubtful debt and write off policy. In this budget, provision for debt impairment is decreased from R17.7 million to R10 million in 2014/2015. This decrease is due to initiative taken by the municipality to enforce debt collection procedures as stated above. While this expenditure is considered to be a non-cash item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues to be collected.

The municipality continuously enforces the above procedures to ensure that debt which is collectable is collected and all debt that is regarded as not recoverable should be written off. The municipality will also promulgate the Credit Control and Debt Collection By-Law before the beginning of the new financial year to strengthen the internal credit control and debt collection procedures through handing over of all debt over 90 days to the appointed attorneys. A zero tolerance approach will be followed where consumers are able to pay for services, as this indirectly denies paying consumers the level and standard of service that they are entitled to.

Council has finalised the appointment of a Debt Collector to focus on all debts over 60 days. Their scope of work includes collection of debt from other categories of debtors that the municipality does not have a tool to enforce payment of services on time. This debt collector is employed on a basis of performance and certain targets been agreed to between the service provider and the municipality. If these performance targets are not met the municipality will have to enforce all penalty clauses.

Employee costs

The budgeted allocation for employee related costs for the 2014/15 financial year totals R91.5 million, which equals 31.17 per cent of the total operating expenditure. MFMA circular 71 sets the norm to be between 25 % and 40%. Bela-Bela is sitting at 31.17%, which is favourable to the municipality. This moderates to around 29.0 per cent over the 2015/16 and 2016/17 financial years. The proportion of personnel expenditure to total operating expenditure for the municipality is favourable at just below 30.0 per cent over the medium term. This leaves around 70.0 per cent of operating expenditure available for other major service delivery expenditure items such as bulk water and electricity purchases, contracted services and finance charges. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.79% per cent for the 2014/15 financial year. An annual increase of 6.84% and 6.50% per cent has been included in the two outer years of the MTREF. The potential impact of the implementation of the SALGA wage curve agreement will finalise during the first of the of the 2014/15 financial year. This report is likely to have an impact to the adjustment budget to be tabled in the first half of the financial year. In order to curtail personnel costs, the rationalisation of the Municipality's organisational structure was reconsidered.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). In this regard, the most recent proclamation of an increase of 5% has been taken into account in compiling the municipality's budget.

Bulk Purchases

Directive/decision issued by NERSA setting the bulk purchase increase at 7.39%, whilst the increase on water was estimated at 15% as the bulk purchase charge. This expenditure includes distribution losses.

Repairs and maintenance

The National Treasury Municipal Budget Circular number 66 for the 2011/2012 MTREF stated that municipalities must “secure the health of their asset base (especially the municipality’s revenue generating assets) by increasing spending on repairs and maintenance”. The municipality has, over the last two financial years, increased the investment in repairs and maintenance as its priority. Due to funding challenges, the municipality’s budget for repairs and maintenance is around 7% per cent of total operating expenditure.

In considering the inputs made by both Provincial and National Treasury, during the benchmarking exercise on the 2013/2014 budget, Council immediately resolved that our Technical Service Department must develop an Assets Renewal Strategy and a repairs and maintenance plan that will inform all future allocation decisions on repairs and maintenance. Both this documents are expected to form part of the adjustment budget process in the first half of 2014/2015 financial year. For this reasons, Council has acknowledged the need for leadership and management in order to address the critical backlogs in repairs and maintenance. Supporting table SA34c shows the budget for repairs and maintenance over the MTREF.

Contracted Services

The 8% increase can be attributed to the annual increases in the service level agreements. A review process is underway for all current contracts to ensure that the municipality receives value for money.

The norm for contracted service costs is between 2% and 5%. Bela-Bela Municipality is sitting at 8%. The Municipality have initiated a process to review certain contracted services. Certain contracted services have already been highlighted as services which can be done internal by our own staff. This initiative includes transfer of skills from the contracted services to our own staff.

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality’s Indigent Policy. The number of households budgeted to receive a package of free basic services was 4032 in the 2013/14 and is expected to increase to 4150 for 2014/2015 MTREF. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in TableA10 of the MBRR(see attached schedule A - Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.3.1.2. Operating Expenditure Framework

The budget sees an increase in annual operating expenditure from R283.7 million in 2013/2014 adjusted budget to R296.9 million in 2014/2015. This 4% increase is primarily due to prioritisation of personnel expenditure.

The municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- Personnel cost and Councillor remuneration increases informed by the decisions of the SALGA Bargaining Council and the Remuneration of Public Office Bearers Act;
- Balanced budget constraint (operating expenditure should not exceed operating revenue except for non-cash provisions) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Contracted Services
- Bulk Purchases
- Strict adherence to the principle of ***no project plans no budget***. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per standard):

Table 3 Summary of operating expenditure by standard classification item

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Expenditure - Standard	-									
<i>Governance and administration</i>		109,534	104,182	135,517	101,444	146,625	146,625	135,315	147,644	153,498
Executive and council		11,227	12,036	11,702	12,230	17,610	17,610	19,119	18,041	19,021
Budget and treasury office		82,810	75,183	96,890	59,762	94,489	94,489	71,565	84,085	90,208
Corporate services		15,498	16,964	26,925	29,453	34,525	34,525	44,631	45,518	44,268
<i>Community and public safety</i>		15,967	23,664	23,451	22,587	22,620	22,620	24,943	27,408	28,970
Community and social services		7,393	8,478	9,957	8,893	9,465	9,465	10,713	12,267	12,860
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		8,574	15,186	13,494	13,694	13,156	13,156	14,230	15,140	16,109
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		15,386	18,740	13,746	14,305	14,423	14,423	20,603	21,780	23,094
Planning and development		4,936	5,267	6,637	6,341	6,265	6,265	8,420	8,934	9,491
Road transport		10,450	13,473	7,109	7,965	8,158	8,158	12,183	12,846	13,603
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		70,089	80,231	88,179	99,569	100,121	100,121	116,119	123,247	131,905
Electricity		49,938	58,368	62,843	70,614	70,604	70,604	82,896	87,332	93,016
Water		15,208	17,086	20,414	21,008	20,778	20,778	24,248	26,463	28,928
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4,943	4,776	4,922	7,947	8,740	8,740	8,974	9,453	9,962
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	210,976	226,818	260,893	237,906	283,789	283,789	296,979	320,079	337,467
Surplus/(Deficit) for the year		(81,668)	(6,187)	(29,215)	16,781	(101)	(101)	32,393	40,401	48,634

Total operating expenditure for 2014/2015 is estimated at R 296979 000 or (4 %) (R13 190 000) more than the adjustments budget expenditure of R 283 789000 for 2013/2014 financial year

The wage bill, bulk electricity purchases, bulk water purchases and capital charges (interest and depreciation) represent the major change in operating expenditure. Excessive fat were consistently cut from the general expenses category and very little fat, if any, now remains in the operating budget. Major expenditure line items is estimated to change with the following averages:

- Employee related cost, 12%
- Bulk Purchases: Electricity, 7.39%
- Bulk Purchases: Water, 15%

The operating budget depicts a surplus of R10 200 000 for the 2014/2015 financial year, R17 244 000 for the 2015/16 and R24 601 000 for the 2016/2017 financial year.

1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by funding source:

Table 4-2014/15 Medium-term capital budget per funding source

As part of the budget documentation there is a Draft Prioritisation Model for Capital Assets Investment (attached as Annexure1 to this report) against which all capital projects will be evaluated and prioritised for competing for available capital budget funding resources.

In Table below the IDP needs and available funding sources to meet these needs are depicted. The IDP needs for capital projects expenditure amounts to R 133 942 806 and compared with the available and sustainable funding resources of about R 99 383 000 leaves us with a difference of R34 559 806 or 26.00% of our IDP needs that we cannot service with available sustainable funding sources. This Picture clearly indicates that we must use our scarce resources where the highest priority of resources exists.

Table 4: Available funding Sources to be used for the prioritisation model for capital Assets Investment						
Financial Year	IDP Needs	Funding Source Grants	Funding Source CRR	Funding Source Loans	Total Capital Expenditure to be prioritised	Total IDP Needs not funded
2014/15	55 249 333	22 193 000	10 000 000	0	32 193 000	23 056 333
2015/16	34 660 473	23 157 000	10 000 000	0	33 157 000	1 503 473
2016/17	44 033 000	24 033 000	10 000 000	0	34 033 000	10 000 000
Grand Total	133 942 806	69 383 000	30 000 000	0	99 383 000	34 559 806

The table above it is clear that we cannot service the IDP needs and request for capital funding of R55 249 333. Our operating budget and available reserve can only service R10 000 000 and we simply cannot afford to borrow to finance capital expenditure through external loans to avoid inflating the cost of our services to unaffordable level by our customers. In addition, when you consider the amount allocated per Division of Revenue Act grants of R 22 193 00 then our affordable and sustainable capital budget amounts to R 32 193 000 for the 2014/2015 financial year.

The available R22 193 000 MIG funds for 2014/2015 will be distributed as per the Prioritisation Model for Capital Assets Investment as indicated in The table below. Basic services infrastructure will receive R11 200 000 or 50%, social infrastructure will receive R9 883 350 or 45% and Project Management Unit cost will receive R 1 109 650 or 5% each of the total available amount.

Table 4A: THREE YEAR CAPITAL PROGRAM AS PROPOSED						
NO	PROJECT NAME	DIRECTORATE	INFRASTRUCTURE TYPE	2014/2015	2015/2016	2016/2017
1	Bulk infrastructure	Technical Services	Community facility	4 025 172		
2	Multi purpose centre:X6	Social &Comm Services	Community facility	5 000 000	6 200 000	
3	Upgrade Moloto Street Sport Stadium	Social &Comm Services	Community facility	3 754 750	6 000 000	
4	Bela-Bela High: Sport Stadium	Social &Comm Services	Community facility	1 103 428		
5	Storm water Limpopo Road	Technical Services	Roads & Storm-water	3 700 000	5 500 000	
6	Road Paving Phase4	Technical Services	Roads & Storm-water	3 500 000	4 299 150	8 000 000
7	Bulk infrastructure X 25	Technical Services	Community facility			11 226 400
8	Upgrade of Sunfa Stadium	Social &Comm Services	Community facility		-	3 604 950
9	Roads Tarring – Bela-Bela	Technical Services	Roads & Storm-water	10 000 000	10 000 000	10 000 000
	PMU costs	PMU Division		1 109 650	1 157 850	1 201 650
	Projected Expenditure			32 193 000	33 157 000	34 033 000
	MIG Allocation			22 193 000	23 157 000	24 033 000
	Own Source			10 000 000	10 000 000	10 000 000
	Balance			-	-	-

It is important to note that the rating criteria was not applied consistently in all projects and that skewed the percentage points that was allocated to each capital project.

Also note that the prioritised capital programme has been communicated through the IDP and budget road show in April 2014 and member of the public, stake holder, councillor even officials have submitted comments on the budget. The MFMA requires the Mayor to assess all comments received and then advise Council on any further steps to be taken to incorporate any inputs from all stakeholders. The Municipal Manager and the administration must in terms of section 68 of the MFMA assist the Mayor in this regard.

All public participation comments have been considered and implemented in the budget where necessary.

1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 5MBRR TableA1 - Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
<u>Financial Performance</u>										
Property rates	37,782	39,360	44,807	42,550	47,752	47,752	37,531	59,401	69,496	73,249
Service charges	28,320	103,761	116,688	112,059	123,490	123,490	80,826	145,753	158,228	171,899
Investment revenue	97	134	325	356	356	356	226	376	396	418
Transfers recognised - operational	38,031	42,317	34,903	53,722	64,214	64,214	40,008	60,905	69,417	74,565
Other own revenue	16,371	24,734	18,543	26,653	28,529	28,529	11,936	40,744	39,786	41,938
Total Revenue (excluding capital transfers and contributions)	120,601	210,306	215,265	235,340	264,341	264,341	170,527	307,179	337,323	362,069
Employee costs	61,100	62,266	66,644	73,828	79,205	79,205	51,746	91,494	95,174	101,237
Remuneration of councillors	1,796	3,671	3,988	5,027	5,497	5,497	476	5,956	6,310	6,688
Depreciation & asset impairment	51,684	42,975	66,755	7,500	47,720	47,720	(17,010)	22,040	32,680	36,272
Finance charges	3,228	3,007	1,247	3,100	3,105	3,105	1,934	3,100	3,100	3,100
Materials and bulk purchases	51,025	60,107	65,684	75,708	75,517	75,517	59,607	92,842	99,306	106,192
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	42,143	54,791	56,576	72,743	72,745	72,745	42,145	81,548	83,509	83,978
Total Expenditure	210,976	226,818	260,893	237,906	283,789	283,789	138,897	296,979	320,079	337,467
Surplus/(Deficit)	(90,376)	(16,512)	(45,628)	(2,565)	(19,448)	(19,448)	31,630	10,200	17,244	24,601
Transfers recognised - capital	8,708	10,324	16,413	19,347	19,347	19,347	-	22,193	23,157	24,033
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(81,668)	(6,187)	(29,215)	16,781	(101)	(101)	31,630	32,393	40,401	48,634
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(81,668)	(6,187)	(29,215)	16,781	(101)	(101)	31,630	32,393	40,401	48,634
<u>Capital expenditure & funds sources</u>										
Capital expenditure	22,308	26,183	27,274	19,347	19,347	19,347	19,347	31,083	31,999	32,831
Transfers recognised - capital	9,401	15,518	18,254	19,347	19,347	19,347	19,347	21,083	21,999	22,831
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	12,907	10,665	9,020	-	-	-	-	10,000	10,000	10,000
Total sources of capital funds	22,308	26,183	27,274	19,347	19,347	19,347	19,347	31,083	31,999	32,831
<u>Financial position</u>										
Total current assets	(23,766)	30,650	27,607	24,082	-	-	57,568	39,742	45,583	52,417
Total non current assets	791,406	729,668	731,352	815,453	19,347	19,347	(10,685)	368,451	370,472	372,322
Total current liabilities	57,113	49,534	51,899	31,547	-	-	11,286	27,774	27,201	22,757
Total non current liabilities	41,713	45,270	48,338	49,521	-	-	8,642	51,951	55,409	58,767
Community wealth/Equity	668,814	665,514	658,722	758,468	19,347	19,347	26,955	328,470	333,446	343,214
<u>Cash flows</u>										
Net cash from (used) operating	70,501	(20,283)	56,132	24,281	47,619	(12,589)	(55,525)	57,833	76,481	84,907
Net cash from (used) investing	(25,477)	(3,560)	(33,293)	(19,347)	(19,347)	(10,919)	(4,321)	(32,193)	(33,157)	(34,033)
Net cash from (used) financing	16,382	(1,219)	(193)	-	-	(14,970)	(15,114)	-	-	-
Cash/cash equivalents at the year end	63,564	38,501	61,147	66,082	94,354	55,875	(8,878)	81,515	124,839	175,713
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	(5,725)	(8,112)	2,548	1,575	-	-	19,638	10,000	11,300	12,500
Application of cash and investments	59,779	6,336	14,946	(368)	-	-	(16,366)	(8,481)	(14,484)	(25,154)
Balance - surplus (shortfall)	(65,504)	(14,448)	(12,397)	1,943	-	-	36,004	18,481	25,784	37,654
<u>Asset management</u>										
Asset register summary (WDV)	791,399	729,641	722,925	814,533	19,347	19,347	358,451	358,451	359,172	359,822
Depreciation & asset impairment	51,684	42,975	66,755	7,500	47,720	47,720	22,040	22,040	32,680	36,272
Renewal of Existing Assets	-	-	-	-	-	-	-	10,000	10,000	10,000
Repairs and Maintenance	-	4,956	5,665	8,193	8,059	8,059	8,059	19,778	21,485	23,237

Description R thousands	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Free services</u>										
Cost of Free Basic Services provided	-	-	3,500	4,250	4,250	4,250	4,250	4,250	4,250	4,250
Revenue cost of free services provided <u>Households below minimum service level</u>	-	-	9,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400
Water:	-	-	-	13	13	13	11	11	10	10
Sanitation/sewerage:	-	-	-	17	17	17	14	14	12	11
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after total expenditure) is positive over the MTREF. These surpluses amount to R32.4 million, R40.4 million and R48.6 million for 2014/15, 2015/16 and 2016/17, respectively;
 - The surpluses before capital transfers are R10.2 million, R17.2 million, R24.6 million for 2014/15, 2015/16 and 2016/2017 respectively.
 - These include non-cash items comprising of depreciation on unbundled assets and provision for bad debts. However these non cash items, will not profoundly affect revenue and expenditure as well as the cash flows of the municipality.
- The operating surplus/deficit after Total Expenditure is positive over the MTREF.
- The cash backing/surplus reconciliation shows that in previous financial years the Bela-Bela municipality has not been paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to withdraw all own source capital projects during the 2013/2014 financial year till it ensures adequate cash-backing for all material obligations in accordance with the recently adopted funding and Reserves Policy. This could not be achieved in one financial year. But over the MTREF there will be progressive improvement in the level of cash-backing of Council's obligations. This initiative anticipate that the goal of having all obligations cash-backed will be achieved from 2014/2015 and going forward.
- Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2014/15 the water backlog will have been very nearly eliminated.

Table 6 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	Ref 1	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard										
<i>Municipal governance and administration</i>		33,825	96,366	87,200	108,062	126,189	126,189	142,175	158,895	168,969
Executive and council		-	12	80	-	-	-	-	-	-
Mayor and Council		-	12	80	-	-	-	-	-	-
Municipal Manager		-	-	-	-	-	-	-	-	-
Budget and treasury office		33,590	94,726	86,495	107,658	124,654	124,654	140,363	156,985	166,956
Corporate services		235	1,628	626	404	1,535	1,535	1,812	1,910	2,013
Human Resources		-	419	173	200	200	200	211	223	235
Information Technology		-	-	-	-	-	-	-	-	-
Property Services		-	-	-	-	-	-	-	-	-
Other Admin		235	1,209	453	204	1,335	1,335	1,601	1,687	1,779
<i>Community and public safety</i>		8,629	10,083	16,296	13,241	13,203	13,203	17,005	17,893	18,829
Community and social services		123	67	229	166	216	216	366	390	415
Libraries and Archives		-	-	-	-	-	-	-	-	-
Museums & Art Galleries etc		-	-	-	-	-	-	-	-	-
Community halls and Facilities		123	67	229	166	216	216	366	390	415
Cemeteries & Crematoriums		-	-	-	-	-	-	-	-	-
Child Care		-	-	-	-	-	-	-	-	-
Aged Care		-	-	-	-	-	-	-	-	-
Other Community		-	-	-	-	-	-	-	-	-
Other Social		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		8,506	10,015	16,067	13,075	12,988	12,988	16,638	17,503	18,414
Police		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Civil Defence		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Other		8,506	10,015	16,067	13,075	12,988	12,988	16,638	17,503	18,414
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Ambulance		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		8,823	10,422	17,685	21,521	20,507	20,507	23,551	24,527	25,417
Planning and development		113	203	272	142	161	161	233	245	259
Economic		-	-	225	142	161	161	233	245	259
Development/Planning		-	-	225	142	161	161	233	245	259
Town Planning/Building		113	203	47	-	-	-	-	-	-
enforcement		-	-	-	-	-	-	-	-	-
Licensing & Regulation		-	-	-	-	-	-	-	-	-
Road transport		8,709	10,219	17,413	21,379	20,347	20,347	23,318	24,282	25,158
Roads		8,709	10,219	17,413	21,379	20,347	20,347	23,318	24,282	25,158
Public Buses		-	-	-	-	-	-	-	-	-
Parking Garages		-	-	-	-	-	-	-	-	-
Vehicle Licensing and Testing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Pollution Control		-	-	-	-	-	-	-	-	-
Biodiversity & Landscape		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		78,032	103,759	110,497	111,863	123,789	123,789	146,641	159,165	172,887
Electricity		56,470	70,116	74,694	77,351	89,245	89,245	108,318	116,357	124,997
Electricity Distribution		56,470	70,116	74,694	77,351	89,245	89,245	108,318	116,357	124,997
Electricity Generation		-	-	-	-	-	-	-	-	-
Water		15,599	26,917	28,807	27,567	27,599	27,599	31,789	35,888	40,562
Water Distribution		15,599	26,917	28,807	27,567	27,599	27,599	31,789	35,888	40,562
Water Storage		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Sewerage		-	-	-	-	-	-	-	-	-
Storm Water Management		-	-	-	-	-	-	-	-	-
Public Toilets		-	-	-	-	-	-	-	-	-
Waste management		5,963	6,727	6,996	6,944	6,944	6,944	6,534	6,919	7,327
Solid Waste		5,963	6,727	6,996	6,944	6,944	6,944	6,534	6,919	7,327
Other		-	-	-	-	-	-	-	-	-
Air Transport		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Tourism	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	129,309	220,630	231,678	254,687	283,688	283,688	329,372	360,480	386,102
<u>Expenditure - Standard</u>	-	-	-	-	-	-	-	-	-	-
<i>Municipal governance and administration</i>	-	109,534	104,182	135,517	101,444	146,625	146,625	135,315	147,644	153,498
Executive and council	-	11,227	12,036	11,702	12,230	17,610	17,610	19,119	18,041	19,021
Mayor and Council	-	8,959	9,080	8,627	8,193	12,589	12,589	11,960	12,561	13,201
Municipal Manager	-	2,268	2,955	3,075	4,036	5,022	5,022	7,159	5,480	5,821
Budget and treasury office	-	82,810	75,183	96,890	59,762	94,489	94,489	71,565	84,085	90,208
Corporate services	-	15,498	16,964	26,925	29,453	34,525	34,525	44,631	45,518	44,268
Human Resources	-	3,005	2,555	1,662	6,227	6,747	6,747	6,466	5,442	5,736
Information Technology	-	3,245	5,002	9,007	9,217	12,148	12,148	14,059	14,730	12,043
Property Services	-	-	-	-	-	-	-	-	-	-
Other Admin	-	9,247	9,406	16,255	14,009	15,631	15,631	24,106	25,346	26,489
<i>Community and public safety</i>	-	15,967	23,664	23,451	22,587	22,620	22,620	24,943	27,408	28,970
Community and social services	-	7,393	8,478	9,957	8,893	9,465	9,465	10,713	12,267	12,860
Libraries and Archives	-	-	-	-	-	-	-	-	-	-
Museums & Art Galleries etc	-	-	-	-	-	-	-	-	-	-
Community halls and Facilities	-	4,212	4,038	5,402	7,660	8,024	8,024	9,484	10,963	11,472
Cemeteries & Crematoriums	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Aged Care	-	-	-	-	-	-	-	-	-	-
Other Community	-	3,181	4,440	4,555	1,234	1,441	1,441	1,229	1,305	1,388
Other Social	-	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	-	8,574	15,186	13,494	13,694	13,156	13,156	14,230	15,140	16,109
Police	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Civil Defence	-	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-	-	-
Other	-	8,574	15,186	13,494	13,694	13,156	13,156	14,230	15,140	16,109
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-
Ambulance	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	-	15,386	18,740	13,746	14,305	14,423	14,423	20,603	21,780	23,094
Planning and development	-	4,936	5,267	6,637	6,341	6,265	6,265	8,420	8,934	9,491
Economic	-	418	307	5,748	5,142	5,090	5,090	5,188	5,505	5,842
Development/Planning	-	4,518	4,960	889	1,199	1,175	1,175	3,232	3,430	3,648
Town Planning/Building enforcement	-	-	-	-	-	-	-	-	-	-
Licensing & Regulation	-	-	-	-	-	-	-	-	-	-
Road transport	-	10,450	13,473	7,109	7,965	8,158	8,158	12,183	12,846	13,603
Roads	-	10,450	13,473	7,109	7,965	8,158	8,158	12,183	12,846	13,603
Public Buses	-	-	-	-	-	-	-	-	-	-
Parking Garages	-	-	-	-	-	-	-	-	-	-
Vehicle Licensing and Testing	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Pollution Control	-	-	-	-	-	-	-	-	-	-
Biodiversity & Landscape	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	70,089	80,231	88,179	99,569	100,121	100,121	116,119	123,247	131,905
Electricity	-	49,938	58,368	62,843	70,614	70,604	70,604	82,896	87,332	93,016
Electricity Distribution	-	49,938	58,368	62,843	70,614	70,604	70,604	82,896	87,332	93,016
Electricity Generation	-	-	-	-	-	-	-	-	-	-
Water	-	15,208	17,086	20,414	21,008	20,778	20,778	24,248	26,463	28,928
Water Distribution	-	15,208	17,086	20,414	21,008	20,778	20,778	24,248	26,463	28,928
Water Storage	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-
Sewerage	-	-	-	-	-	-	-	-	-	-
Storm Water Management	-	-	-	-	-	-	-	-	-	-
Public Toilets	-	-	-	-	-	-	-	-	-	-
Waste management	-	4,943	4,776	4,922	7,947	8,740	8,740	8,974	9,453	9,962
Solid Waste	-	4,943	4,776	4,922	7,947	8,740	8,740	8,974	9,453	9,962

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<i>Other</i>		-	-	-	-	-	-	-	-	-
Air Transport		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Tourism		-	-	-	-	-	-	-	-	-
Forestry		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	210,976	226,818	260,893	237,906	283,789	283,789	296,979	320,079	337,467
Surplus/(Deficit) for the year		(81,668)	(6,187)	(29,215)	16,781	(101)	(101)	32,393	40,401	48,634

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) of R22.2 million, R23.2 million and R24.0 million over the 2014/15 MTREF, and so does not balance to the operating revenue shown on Tables A1 and A4;
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted on the previous year budget, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 7MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - Chief Financial Officer		33,590	94,726	86,495	107,658	124,654	124,654	140,363	156,985	166,956
Vote 2 - Corporate Services		235	1,209	453	204	1,355	1,355	1,622	1,710	1,802
Vote 3 - Mayor		-	12	80	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	419	397	342	341	341	423	446	470
Vote 6 - Social and Community Services		14,705	17,013	23,339	20,185	20,148	20,148	23,539	24,812	26,156
Vote 7 - Speaker		8,709	10,219	17,413	21,365	20,347	20,347	23,316	24,280	25,156
Vote 8 - Technical Services		72,070	97,033	103,501	104,932	116,844	116,844	140,109	152,248	165,561
Vote 9 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 10 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	129,309	220,630	231,678	254,687	283,688	283,688	329,372	360,480	386,102
Expenditure by Vote to be appropriated	1									
Vote 1 - Chief Financial Officer		77,428	75,183	96,890	59,762	94,489	94,489	69,741	82,144	88,143

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 2 - Corporate Services		12,704	14,575	16,038	15,820	19,935	19,935	30,257	31,723	29,711
Vote 3 - Mayor		3,965	2,987	1,459	1,786	1,664	1,664	2,231	2,372	2,523
Vote 4 - Municipal Manager		2,056	2,789	2,278	2,724	3,724	3,724	5,807	4,050	4,308
Vote 5 - Planning and Economic Development		3,423	2,862	15,986	20,087	20,979	20,979	21,036	20,860	22,051
Vote 6 - Social and Community Services		25,429	33,401	29,263	31,733	32,535	32,535	38,851	42,101	44,507
Vote 7 - Speaker		6,519	7,269	8,322	7,613	12,308	12,308	11,301	11,809	12,400
Vote 8 - Technical Services		74,071	87,384	88,896	98,381	98,155	98,155	117,756	125,020	133,824
Vote 9 - Balance Sheet		5,381	367	1,763	-	-	-	-	-	-
Vote 10 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	210,976	226,818	260,893	237,906	283,789	283,789	296,979	320,079	337,467
Surplus/(Deficit) for the year	2	(81,668)	(6,187)	(29,215)	16,781	(101)	(101)	32,393	40,401	48,634

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote; and
- The table shows that the BTO is the largest generator of revenue, particularly from Rates and service charges whereas technical Services department is the largest department incurring operating expenditure, The larger is due to the size of the department as well as its responsibility over service delivery projects such as water, electricity and sanitation.

Table 8 MBRRTable A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Revenue By Source</u>											
Property rates	2	37,782	39,360	44,807	42,550	47,752	47,752	37,531	59,401	69,496	73,249
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	6,803	70,432	80,584	77,329	85,431	85,431	55,812	103,517	111,298	119,664
Service charges - water revenue	2	9,671	19,419	20,979	20,296	20,296	20,296	13,050	24,433	28,098	32,313
Service charges - sanitation revenue	2	5,885	7,183	7,676	7,260	7,260	7,260	5,404	7,310	7,742	8,198
Service charges - refuse revenue	2	5,988	6,708	6,932	6,903	6,903	6,903	4,945	6,490	6,873	7,279
Service charges - other		(25)	19	517	271	3,600	3,600	1,616	4,002	4,218	4,446
Rental of facilities and equipment		354	1,303	596	214	1,345	1,345	800	1,616	1,704	1,796
Interest earned - external investments		97	134	325	356	356	356	226	376	396	418
Interest earned - outstanding debtors		6,471	9,479	6,005	9,785	9,785	9,785	5,361	10,333	10,891	11,479
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1,228	1,197	4,056	-	-	-	-	-	-	-
Licences and permits		7,148	8,540	11,529	8,750	8,750	8,750	5,909	10,000	10,540	11,109
Agency services		-	-	-	-	-	-	-	-	-	-

Transfers recognised - operational		38,031	42,317	34,903	53,722	64,214	64,214	40,008	60,905	69,417	74,565
Other revenue	2	1,169	6,769	(4,401)	7,904	8,649	8,649	7,788	18,795	16,651	17,554
Gains on disposal of PPE		-	(2,555)	758	-	-	-	(7,922)	-	-	-
Total Revenue (excluding capital transfers and contributions)		120,601	210,306	215,265	235,340	264,341	264,341	170,527	307,179	337,323	362,069
Expenditure By Type	-										
Employee related costs	2	61,100	62,266	66,644	73,828	79,205	79,205	51,746	91,494	95,174	101,237
Remuneration of councillors		1,796	3,671	3,988	5,027	5,497	5,497	476	5,956	6,310	6,688
Debt impairment	3	2,784	661	-	-	-	-	-	-	-	-
Depreciation & asset impairment	2	51,684	42,975	66,755	7,500	47,720	47,720	(17,010)	22,040	32,680	36,272
Finance charges		3,228	3,007	1,247	3,100	3,105	3,105	1,934	3,100	3,100	3,100
Bulk purchases	2	46,271	55,150	60,019	67,515	67,515	67,515	52,148	73,064	77,820	82,955
Other materials	8	4,754	4,958	5,665	8,193	8,001	8,001	7,458	19,778	21,485	23,237
Contracted services		17,317	18,214	21,203	21,701	25,221	25,221	17,098	24,924	26,390	27,780
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	22,042	35,916	35,373	51,042	47,524	47,524	25,046	56,625	57,119	56,197
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		210,976	226,818	260,893	237,906	283,789	283,789	138,897	296,979	320,079	337,467
Surplus/(Deficit)		(90,376)	(16,512)	(45,628)	(2,565)	(19,448)	(19,448)	31,630	10,200	17,244	24,601
Transfers recognised - capital		8,708	10,324	16,413	19,347	19,347	19,347	-	22,193	23,157	24,033
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(81,668)	(6,187)	(29,215)	16,781	(101)	(101)	31,630	32,393	40,401	48,634
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(81,668)	(6,187)	(29,215)	16,781	(101)	(101)	31,630	32,393	40,401	48,634
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(81,668)	(6,187)	(29,215)	16,781	(101)	(101)	31,630	32,393	40,401	48,634
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(81,668)	(6,187)	(29,215)	16,781	(101)	(101)	31,630	32,393	40,401	48,634

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R264.3 million in 2013/14 and increases to R307.2 million in 2014/15.
2. Revenue to be generated from property rates is R59.4 million in the 2014/15 financial year (before taking into account the rebates) and increases to R73.2 million by 2016/17 which represents an average of 23.23 per cent of the operating revenue base and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R145.7 million for the 2014/15 financial year and increasing to R158.2 million by 2015/16. For the 2014/15 financial year services charges constitute to 46 per cent of the total revenue base and grows by around 18.00 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
5. An amount of 5.00% of the MIG is allocated to operating grants as per the National Treasury Circular 66 and 67.

6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 9 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - Social and Community Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 8 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 9 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 10 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Chief Financial Officer		-	1,885	2,000	-	-	-	-	-	-	-
Vote 2 - Corporate Services		2,265	145	800	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		470	-	370	-	-	-	-	-	-	-
Vote 6 - Social and Community Services		775	3,260	11,377	7,918	7,918	7,918	7,918	9,858	12,200	3,605
Vote 7 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 8 - Technical Services		18,798	20,893	12,727	11,428	11,428	11,428	11,428	21,225	19,799	29,226
Vote 9 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 10 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		22,308	26,183	27,274	19,347	19,347	19,347	19,347	31,083	31,999	32,831
Total Capital Expenditure - Vote		22,308	26,183	27,274	19,347	19,347	19,347	19,347	31,083	31,999	32,831
Capital Expenditure - Standard											
Governance and administration		2,265	2,031	2,800	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	1,885	2,000	-	-	-	-	-	-	-
Corporate services		2,265	145	800	-	-	-	-	-	-	-
Community and public safety		775	2,501	11,377	7,918	7,918	7,918	7,918	9,883	12,200	3,605
Community and social services		775	2,417	11,377	6,718	6,718	6,718	6,718	5,000	6,200	-
Sport and recreation		-	84	-	1,200	1,200	1,200	1,200	4,883	6,000	3,605
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		470	-	3,989	-	-	-	-	-	-	-
Planning and development		470	-	370	-	-	-	-	-	-	-
Road transport		-	-	3,619	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		12,159	9,022	3,550	-	-	-	-	-	-	-
Electricity		7,262	2,391	2,350	-	-	-	-	-	-	-
Water		346	-	150	-	-	-	-	-	-	-
Waste water management		-	5,873	1,050	-	-	-	-	-	-	-
Waste management		4,551	759	-	-	-	-	-	-	-	-
Other		6,639	12,629	5,558	11,428	11,428	11,428	11,428	21,200	19,799	29,226
Total Capital Expenditure - Standard	3	22,308	26,183	27,274	19,347	19,347	19,347	19,347	31,083	31,999	32,831
Funded by:											
National Government		9,401	15,518	18,254	19,347	19,347	19,347	19,347	21,083	21,999	22,831
Provincial Government											
District Municipality											
Other transfers and grants											

Transfers recognised - capital	4	9,401	15,518	18,254	19,347	19,347	19,347	19,347	21,083	21,999	22,831
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		12,907	10,665	9,020					10,000	10,000	10,000
Total Capital Funding	7	22,308	26,183	27,274	19,347	19,347	19,347	19,347	31,083	31,999	32,831

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single - year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Single-year capital expenditure has been appropriated at R31.1million for the 2014/15 financial year and increase to R31.9 million and later increase to R32.8 million in the outer years.
3. R10 Million has been budgeted from municipality's own sources, R22 million of capital expenditure will be financed by MIG grant during 2014/2015 financial year
4. The municipality has not budgeted for any long term borrowing to fund the capital programme.

Table 10 MBRR Table A6 -Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Current assets											
Cash		2,308	7,164	3,060	–	–	–	19,638	–	–	–
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	(27,192)	21,787	13,675	21,786	–	–	42,582	37,500	43,125	49,594
Other debtors		914	1,609	10,771	2,194	–	–	(4,694)	–	–	–
Current portion of long-term receivables		–	–	–	0	–	–	–	2,100	2,300	2,650
Inventory	2	204	90	100	102	–	–	42	142	158	173
Total current assets		(23,766)	30,650	27,607	24,082	–	–	57,568	39,742	45,583	52,417
Non current assets											
Long-term receivables		7	7	–	–	–	–	–	–	–	–
Investments		–	21	–	920	–	–	–	10,000	11,300	12,500
Investment property		276,919	181,101	173,369	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	514,305	546,402	547,469	813,015	19,347	19,347	(10,660)	356,466	357,238	357,938
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		175	2,138	2,087	1,518	–	–	(25)	1,985	1,934	1,883
Other non-current assets		–	–	8,427	–	–	–	–	–	–	–
Total non current assets		791,406	729,668	731,352	815,453	19,347	19,347	(10,685)	368,451	370,472	372,322
TOTAL ASSETS		767,640	760,319	758,959	839,535	19,347	19,347	46,883	408,194	416,055	424,738
LIABILITIES											
Current liabilities											
Bank overdraft	1	8,032	15,296	512	(655)	–	–	–	–	–	–
Borrowing	4	1,493	338	338	319	–	–	(160)	331	316	301
Consumer deposits		3,079	3,351	3,495	4,428	–	–	118	–	–	–
Trade and other payables	4	32,335	21,531	38,943	22,317	–	–	10,722	27,443	26,885	22,457
Provisions		12,174	9,019	8,611	5,138	–	–	606	–	–	–
Total current liabilities		57,113	49,534	51,899	31,547	–	–	11,286	27,774	27,201	22,757
Non current liabilities											
Borrowing		11,811	11,475	11,137	10,828	–	–	(102)	10,806	10,821	10,836
Provisions		29,902	33,796	37,201	38,693	–	–	8,744	41,144	44,587	47,931
Total non current liabilities		41,713	45,270	48,338	49,521	–	–	8,642	51,951	55,409	58,767
TOTAL LIABILITIES		98,825	94,804	100,237	81,068	–	–	19,928	79,724	82,609	81,525
NET ASSETS	5	668,814	665,514	658,722	758,468	19,347	19,347	26,955	328,470	333,446	343,214
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		668,814	665,514	658,722	758,468	19,347	19,347	26,955	328,470	333,446	343,214
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	668,814	665,514	658,722	758,468	19,347	19,347	26,955	328,470	333,446	343,214

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current liabilities;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the BudgetedFinancialPerformance or the Capital Budget will inevitably impact on the BudgetedFinancialPosition. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 11MBRRTable A7 - Budgeted Cash Flow Statement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		102,281	111,257	172,224	171,477	189,986	214,433	119,413	235,565	256,619	275,607
Government - operating	1	38,031	42,317	34,903	53,722	64,214	64,214	40,008	60,905	69,417	74,565
Government - capital	1	8,708	10,324	16,413	19,347	19,347	19,347	–	22,193	23,157	24,033
Interest		6,567	9,613	6,330	10,141	10,141	10,141	5,587	10,709	11,287	11,897
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(81,858)	(190,787)	(172,491)	(227,306)	(232,964)	(317,619)	(218,598)	(268,439)	(280,899)	(298,095)
Finance charges		(3,228)	(3,007)	(1,247)	(3,100)	(3,105)	(3,105)	(1,934)	(3,100)	(3,100)	(3,100)
Transfers and Grants	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		70,501	(20,283)	56,132	24,281	47,619	(12,589)	(55,525)	57,833	76,481	84,907
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	(2,555)	758	–	–	–	(7,922)	–	–	–
Decrease (Increase) in non-current debtors		(7)	–	7	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	(8,427)	–	–	8,427	8,427	–	–	–
Decrease (increase) in non-current investments		–	(21)	21	–	–	–	–	–	–	–
Payments											
Capital assets		(25,470)	(985)	(25,651)	(19,347)	(19,347)	(19,347)	(4,826)	(32,193)	(33,157)	(34,033)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(25,477)	(3,560)	(33,293)	(19,347)	(19,347)	(10,919)	(4,321)	(32,193)	(33,157)	(34,033)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		13,303	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		3,079	272	145	–	–	(3,495)	(3,377)	–	–	–
Payments											
Repayment of borrowing		–	(1,491)	(338)	–	–	(11,475)	(11,736)	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		16,382	(1,219)	(193)	–	–	(14,970)	(15,114)	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		61,406	(25,063)	22,646	4,935	28,273	(38,479)	(74,959)	25,640	43,324	50,874
Cash/cash equivalents at the year begin:	2	2,158	63,564	38,501	61,147	66,082	94,354	66,082	55,875	81,515	124,839
Cash/cash equivalents at the year end:	2	63,564	38,501	61,147	66,082	94,354	55,875	(8,878)	81,515	124,839	175,713

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded;
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget;
3. The municipality shows positive net cash inflows of R81.5 million in 2014/15, increasing to positive R124.8 million in 2015/16 and increasing to positive R175.7 million in 2016/17. This is in line with the municipality's plans to improve its positive cash position in the short to medium term; and
4. The cash position will be managed to improved levels due to the strict implementation of the credit control policy and cost containment measures.

Table 12MBRRTable A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	63,564	38,501	61,147	66,082	94,354	55,875	(8,878)	81,515	124,839	175,713
Other current investments > 90 days		(69,288)	(46,633)	(58,599)	(65,426)	(94,354)	(55,875)	28,516	(81,515)	(124,839)	(175,713)
Non current assets - Investments	1	-	21	-	920	-	-	-	10,000	11,300	12,500
Cash and investments available:		(5,725)	(8,112)	2,548	1,575	-	-	19,638	10,000	11,300	12,500
<u>Application of cash and investments</u>											
Unspent conditional transfers		188	5,404	0	-	-	-	10,373	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	59,591	932	14,945	(368)	-	-	(26,739)	(8,481)	(14,484)	(25,154)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		59,779	6,336	14,946	(368)	-	-	(16,366)	(8,481)	(14,484)	(25,154)
Surplus(shortfall)		(65,504)	(14,448)	(12,397)	1,943	-	-	36,004	18,481	25,784	37,654

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was not funded owing to the significant deficit.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. The table shows that the budget is funded over the medium term, taking into account the working capital requirements.

Table 13 MBRRTable A9 - Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	25,470	985	25,651	4,826	19,347	19,347	32,193	33,157	34,033
Infrastructure - Road transport		17,813	(1,964)	17,488	4,081	15,348	15,348	14,955	15,799	8,000
Infrastructure - Electricity		1,476	(250)	425	-	-	-	10,000	10,000	10,000
Infrastructure - Water		1,160	-	66	-	-	-	-	-	3,605
Infrastructure - Sanitation		1,233	-	-	-	-	-	-	-	-
Infrastructure - Other		10	-	776	-	-	-	-	-	11,226
Infrastructure		21,692	(2,214)	18,755	4,081	15,348	15,348	24,955	25,799	32,831
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	3,778	2,553	6,250	746	3,999	3,999	7,238	7,358	1,202
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	646	646	-	-	-	-	-	-
Total Renewal of Existing Assets										
Infrastructure - Road transport	2	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure										
Infrastructure - Road transport	4	17,813	(1,964)	17,488	4,081	15,348	15,348	14,955	15,799	8,000
Infrastructure - Electricity		1,476	(250)	425	-	-	-	10,000	10,000	10,000
Infrastructure - Water		1,160	-	66	-	-	-	-	-	3,605
Infrastructure - Sanitation		1,233	-	-	-	-	-	-	-	-
Infrastructure - Other		10	-	776	-	-	-	-	-	11,226
Infrastructure		21,692	(2,214)	18,755	4,081	15,348	15,348	24,955	25,799	32,831
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	3,778	2,553	6,250	746	3,999	3,999	7,238	7,358	1,202
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	646	646	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	25,470	985	25,651	4,826	19,347	19,347	32,193	33,157	34,033
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5				2,822	2,822	2,822	13,500	14,299	18,000
Infrastructure - Electricity								3,800	5,500	
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other		491,790	491,676	476,553	762,998	8,606	8,606	328,173	324,081	335,132
Infrastructure		491,790	491,676	476,553	765,821	11,428	11,428	345,473	343,880	353,132
Community			33,738	31,640	7,918	7,918	7,918	9,883	12,200	3,605
Heritage assets										
Investment properties		276,919	181,101	173,369	-	-	-	-	-	-
Other assets		22,515	20,988	39,276	39,276	-	-	1,110	1,158	1,202
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		175	2,138	2,087	1,518	-	-	1,985	1,934	1,883
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	791,399	729,641	722,925	814,533	19,347	19,347	358,451	359,172	359,822
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	51,684	42,975	66,755	7,500	47,720	47,720	22,040	32,680	36,272
Repairs and Maintenance by Asset Class		-	4,956	5,665	8,193	8,059	8,059	19,778	21,485	23,237
Infrastructure - Road transport		-	891	873	2,586	2,536	2,536	6,100	6,426	6,774
Infrastructure - Electricity		-	3,629	1,414	1,625	1,612	1,612	5,614	5,749	6,893
Infrastructure - Water		-	-	-	1,682	1,482	1,482	2,586	2,688	2,796
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	29	30	72	42	42	95	101	108
Infrastructure		-	4,550	2,317	5,965	5,671	5,671	14,395	14,964	16,570
Community		-	367	510	778	938	938	2,933	3,993	4,056
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	39	2,838	1,450	1,450	1,450	2,450	2,528	2,611
TOTAL EXPENDITURE OTHER ITEMS		51,684	47,932	72,420	15,693	55,779	55,779	41,818	54,165	59,510
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.9%	1.0%	1.0%	41.7%	41.7%	5.5%	6.0%	6.5%
Renewal and R&M as a % of PPE		0.0%	1.0%	1.0%	1.0%	42.0%	42.0%	6.0%	6.0%	6.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The table shows that all of the capital allocations are for new assets.
3. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 10.00 per cent of PPE.
4. As noted in the previous reporting financial year, the Council has noted with concern of the current level of allocation for renewal of assets and maintenance. For this reason, a directive has already been issued by Council for management to immediately develop Assets Renewal Strategy and a repairs and maintenance plan that will inform all future allocation decisions on repairs and maintenance. In addition Council is in a process of finalising the unbundling of infrastructure assets project to comply with all GRAP standards. This initiative will further contribute to the finalisation of both the Assets Renewal Strategy and a repairs and maintenance plan. The allocation for assets management will be revisited by Council in the 2014/2015 budget adjustment process.

Table 14 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling				650	1,150	1,150	1,150	1,650	2,150	2,650
Piped water inside yard (but not in dwelling)				650	1,150	1,150	1,150	1,650	2,150	2,650
Using public tap (at least min.service level)	2			650	1,150	1,150	1,150	1,650	2,150	2,650
Other water supply (at least min.service level)	4			650	1,150	1,150	1,150	1,650	2,150	2,650
<i>Minimum Service Level and Above sub-total</i>	3	-	-	2,600	4,600	4,600	4,600	6,600	8,600	10,600
Using public tap (<min.service level)										
Other water supply (<min.service level)	4				13,468	13,468	13,468	11,468	9,868	9,868
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	13,468	13,468	13,468	11,468	9,868	9,868
Total number of households	5	-	-	2,600	18,068	18,068	18,068	18,068	18,468	20,468
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)				150	300	300	300	800	1,200	1,600
Flush toilet (with septic tank)				150	300	300	300	800	1,200	1,600
Chemical toilet				150	300	300	300	800	1,200	1,600
Pit toilet (ventilated)				150	300	300	300	800	1,200	1,600
Other toilet provisions (>min.service level)				150	300	300	300	800	1,200	1,600
<i>Minimum Service Level and Above sub-total</i>		-	-	750	1,500	1,500	1,500	4,000	6,000	8,000
Bucket toilet										
Other toilet provisions (<min.service level)					16,568	16,568	16,568	14,068	12,068	11,000
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		-	-	-	16,568	16,568	16,568	14,068	12,068	11,000
Total number of households	5	-	-	750	18,068	18,068	18,068	18,068	18,068	19,000
<u>Energy:</u>										
Electricity (at least min.service level)				150	300	300	300	450	600	750
Electricity - prepaid (min.service level)				150	300	300	300	450	600	750
<i>Minimum Service Level and Above sub-total</i>		-	-	300	600	600	600	900	1,200	1,500
Electricity (<min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	300	600	600	600	900	1,200	1,500
<u>Refuse:</u>										
Removed at least once a week				8,370	9,140	9,140	9,140	9,500	9,500	9,600
<i>Minimum Service Level and Above sub-total</i>		-	-	8,370	9,140	9,140	9,140	9,500	9,500	9,600
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	8,370	9,140	9,140	9,140	9,500	9,500	9,600
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)				3,200	4,120	4,120	4,120	5,040	5,960	6,880
Sanitation (free minimum level service)				3,200	4,120	4,120	4,120	5,040	5,960	6,880
Electricity/other energy (50kwh per household per month)				3,200	4,120	4,120	4,120	5,040	5,960	6,880
Refuse (removed at least once a week)				3,200	4,120	4,120	4,120	5,040	5,960	6,880
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)				700,000	850,000	850,000	850,000	850,000	850,000	850,000
Sanitation (free sanitation service)				700,000	850,000	850,000	850,000	850,000	850,000	850,000
Electricity/other energy (50kwh per household per month)				700,000	850,000	850,000	850,000	850,000	850,000	850,000
Refuse (removed once a week)				700,000	850,000	850,000	850,000	850,000	850,000	850,000
Total cost of FBS provided (minimum social		-	-	3,500	4,250	4,250	4,250	4,250	4,250	4,250

package)									
Highest level of free service provided									
Property rates (R value threshold)			35,000	50,000	50,000	50,000	50,000	50,000	50,000
Water (kilolitres per household per month)			6,000	6,000	6,000	6,000	6,000	6,000	6,000
Sanitation (kilolitres per household per month)			6,000	6,000	6,000	6,000	6,000	6,000	6,000
Sanitation (Rand per household per month)			6,000	6,000	6,000	6,000	6,000	6,000	6,000
Electricity (kwh per household per month)			50	50	50	50	50	50	50
Refuse (average litres per week)			5	5	5	5	5	5	5
Revenue cost of free services provided (R'000)	9								
Property rates (R15 000 threshold rebate)			400	600	600	600	600	600	600
Property rates (other exemptions, reductions and rebates)			1,500	2,000	2,000	2,000	2,000	2,000	2,000
Water			2,000	2,200	2,200	2,200	2,200	2,200	2,200
Sanitation			1,250	1,500	1,500	1,500	1,500	1,500	1,500
Electricity/other energy			3,000	3,500	3,500	3,500	3,500	3,500	3,500
Refuse			1,250	1,500	1,500	1,500	1,500	1,500	1,500
Municipal Housing - rental rebates			–	100	100	100	100	100	100
Housing - top structure subsidies	6		–	–	–	–	–	–	–
Other			–	–	–	–	–	–	–
Total revenue cost of free services provided (total social package)		–	–	9,400	11,400	11,400	11,400	11,400	11,400

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The Municipality continues to make good progress with the eradication of backlogs:
 - Water services – For the 2013/14 budget year, a backlog of 500 household was targeted and in the 2014/2015, another backlog of 500 in addition to that previously planned is set by the municipality. These households are largely found in 'reception areas' such as Rapotokwane and Masakhaneand will need to be moved to formal areas so that they can receive services.
 - Sanitation services – this backlog will be focused by the municipality over the MTREF.
 - Electricity services – as with sanitation, backlog for the 2013/2014 target year was planned to be reduced by 1 050 households. The emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised to cater for new developments.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

2.1.1 Overview of the annual IDP/ budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Budget/ Treasury and Governance Sub Committee. The Mayor attends the meetings of the Steering Committee.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out
- in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.2 Budget Process Overview

In terms of section 21 of the MFMA, the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the budget. Bela-Bela Municipality adopted an IDP Review Process Plan for the 2014/15 review process. The Process Plan was informed by the district municipality's framework plan and was adopted by the Municipal Council in August 2012. The main purpose of the Process Plan is to integrate all the processes and activities, institutional arrangements and time frames of the various sector departments, NGOs, Parastatals, etc.

The preparation of a reviewed IDP/ Budget is based on a Process Plan, which Bela-Bela Municipality adopted in terms of the MFMA. The Plan establishes a firm foundation for the alignment of the IDP and budget preparation processes. This plan included the following:-

- a programme specifying the time frames for the different planning steps;
- appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional authorities, and other role players in the IDP finalizing process;
- an indication of the organisational arrangements for the IDP process;
- binding plans and planning requirements, i.e. policy and legislation;

The objectives of the Process Plan are as follows:

- to guide decision making in respect of service delivery and public sector investment;
- to inform budgets and Service delivery programs of various government departments and service agencies; and
- to coordinate the activities of various service delivery agencies within Bela-Bela.

Table 15 below shows the key activities and timeframes in the IDP/ Budget process plan

Table 15: IDP/ Budget Process Overview

PHASE	ACTIVITY	RESPONSIBLE	OUTPUT	TIME FRAME
PREPARATION PHASE	Develop Draft 2014/2015 IDP, Budget and PMS process plan	IDP Manager	Approved 2014/2015 IDP, Budget and PMS process plan	17 – 18 July 2013
	Alignment with WDM framework IDP, Budget and PMS process plan	WDM		08 - 09 July 2013
	Tabling of 2014/2015 IDP, Budget and PMS process Plan to Planning Sub-committee	IDP Manager		23 July 2013
	First IDP Steering Committee Meeting	IDP Manager		09 August 2013
	First IDP Representative Forum	IDP Manager		14 August 2013
	Waterberg District Forum Representative Forum			20 August 2013
	Tabling of Annual Report, Draft 2014/2015 IDP, Budget and PMS process plan for Council approval	Mayor & Municipal Manager		29 August 2013
	Submission of Annual Report to the Auditor – General and MEC	IDP Manager /Municipal Manager		30 August 2013
	Publication of IDP 2014/2015 IDP, Budget and PMS Process Plan	IDP Manager		04 - 06 September 2013

PHASE	ACTIVITY	RESPONSIBLE	OUTPUT	TIME FRAME
ANALYSIS PHASE	MECs Assessment of 2013/14 IDP	COGHSTA, OTP and WDM	Assessment of the existing level of development Information on available resources Alignments' of IDP s	---- September Month
	Identification of Gaps, Stakeholder Registration, and Information Gathering.	IDP Manager		Week 1 September 2013
	Draft 2014/15 IDP Analysis Phase Completed	IDP Manager		06 September 2013
	Submission Draft 2014/15 IDP Analysis Phase	IDP Manager		09 September 2013
	2014/15 IDP Analysis Phase - Waterberg District Forum	WDM		16 September 2013
	Provincial Planning Forum	COGHSTA, OTP and WDM		23 – 24 September 2013
	Council Sitting	Mayor & Municipal		30 September

		Manage		2013
	Community Consultation Forums on Tariffs, Indigent Credit, Credit Control, and Free Basic Electricity Revisit Community Needs, Consult, and Assess Community Based Planning (CBP) Wards Consultative Meetings	Budget & Treasury and IDP Manager	Priority issues/problems Understanding of causes of priority issues/problems	10 - 15 October 2013
	Second 2014/15 IDP Steering Committee Meeting	IDP Manager		24 October 2013
	Council Sitting	Mayor & Municipal Manage		29 October 2013
	Second 2014/15 IDP Representatives Forum	IDP Manager		30 October 2013
	Submission of Draft Annual Report to the Mayor	IDP Manager / Municipal Manage		31 October 2013

PHASE	ACTIVITY	RESPONSIBLE	OUTPUT	TIME FRAME
STRATEGIES PHASE	Proposed IDP/Budget and Tariff Policies	Dept Financial Services & IDP Manager	Vision(For Municipality) Objectives(For each priority issue) Strategic options and choice of strategy	Week 1 November 2013
	Consultative Forum on Vision, Mission, Objectives, and Localized Strategic Guidelines	IDP Manager		08 November 2013
	Waterberg District Forum 2014/15 IDP Representatives Forum	WDM	Tentative financial framework for projects	11 November 2013
	District Wide Strategic Planning Session	WDM	Identification of projects	19 – 20 November 2013
	Council Sitting	Mayor & Municipal Manage		28 November 2013
	Strategic Planning Session	IDP Manager /Municipal Manager		27 – 29 November 2013
	Waterberg District Forum - Strategic Planning Session	WDM		01 – 04 December 2014
	Review Financial Strategies, Budget Adjustment and Review of Organizational Structure	All Departments/Municipal Manager		17 January 2013
	Draft Mid – Year and Draft Annual Report	All Departments/Municipal Manager		24 January 2013

PROJECTS PHASE	Provincial Planning Forum	COGHSTA, OTP and WDM	Project output, targets, and location	07 February 2014
	Review and Rationalization of Projects, Redesigning and Upgrading Project Designs	IDP Manager	Project related activities and time schedule	Week 2 February 2014
	Third IDP Steering Committee Meeting	IDP Manager/ Municipal Manager	Cost and budget estimates	21 February 2014
	Third IDP Representatives Forum	Mayor & Municipal Manager	Performance Indicators	28 February 2014
	Waterberg District Forum 2014/15 IDP Representatives Forum	WDM		14 March 2014
	Submission of Annual Report for Approval	IDP Manager & Municipal Manager		24 - 26 March 2014
	Tabling of Draft IDP/Budget and SDBIP for Council Approval	Mayor & Municipal Manager		28 March 2014
	Submission of Approved Draft IDP/Budget to National Treasury and Dept. Local Government & Housing	Municipal Manager		31 March 2014

PHASE	ACTIVITY	RESPONSIBLE	OUTPUT	TIME FRAME
INTEGRATION PHASE	Alignment with Waterberg District Municipality, Provincial, and National Programs	COGHSTA, OTP and WDM	5 Year Financial Plan	01 - 04 April 2014
	2014/15 IDP - Budget Mayoral Road show	All Departments/Municipal Manager	5 Year Capital Investment Plan	09 – 15 April 2014
	Fourth 2014/15 IDP Steering Committee Meeting		Institutional Plan	18 April 2014
	Fourth 2014/15 IDP Representatives Forum		Reference to Sector Plans	24 April 2014
	Publish of a Draft 2014 - 15 IDP/Budget	IDP Manager	Integrated Sectoral Plans	30 April 2014
	2014/15 IDP Waterberg District Forum	WDM		14 May 2014
	Screening of Draft IDP Projects	IDP Manager & All Departments		28 May 2014
	Integration of Sector Plans and Institutional Programs			

APPROVAL PHASE	Approval of 2014/2015 IDP and Budget	Mayor & Municipal Manager	Public Comments	30 May 2014
	Screening of Inputs and Comments from Communities	IDP Manager	Approved IDP for the Municipality	02 - 03 June 2014
	Approval of Service Delivery and Budget Implementation Plan(SBDIP)	Municipal Manager		13 June 2014
	Publish of 2014/2015 IDP and Budget	IDP Manager		30 June 2014
	Submission of Approved IDP/Budget to National Treasury and Dept. Local Government & Housing	Mayor & Municipal Manager		30 June 2014
	Signing of Annual Performance Agreements for Section 57 Managers	Mayor & Municipal Manager		30 June 2014

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.2. IDP and Service Delivery and Budget Implementation Plan

This is the second final IDP of the current Council which came into office after the May 2011 elections. The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Revision of the IDP, and
- The review of the performance management and monitoring processes.

The final IDP has been taken into a business and financial planning process leading up to the final 2014/15 MTREF, based on the adjusted 2013/14 MTREF and the mid-year review. The business planning process will subsequently be refined in the light of current economic circumstances and the resulting revenue projections prior to budget approval in May 2014.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.3 Community Consultation

The final 2014/15 MTREF as tabled before Council on 27 March 2014 for community consultation was published on the municipality's website, and hard copies were made available at municipal offices and municipal library. Electronic and hard copies were sent to National Treasury and the Limpopo Provincial Treasury.

The municipality held public participation sessions with the communities in nine (9) wards. A budget summary document, called "Budget at a Glance", was issued and discussed at these sessions. Comments were received from the local communities. The applicable dates and venues were published in all the local newspapers. Sessions were also held with the farming and business communities during month of May 2014.

A budget review exercise was conducted by the Provincial Treasury during the month of May 2014. Subsequent to the review process, a preliminary feedback report was submitted to the municipality together with a compliance checklist. The National Treasury also submitted a compliance checklist on the tabled budget. The key issues raised by both the Treasuries and communities were as follows:

- Non and/ or incompleteness of all budget schedules A1 to SA37;

- Insufficient funding of the budget, particularly the capital budget;
- Insufficient funding of repairs and maintenance budget;
- Some grants not aligned to allocations in Division of Revenue Act; and
- Non submission of the SDBIP.

All the comments were considered and where funding permitted, the budget for 2014/2015 was amended accordingly.

2.4 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by the municipality correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Bela-Bela Local municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;

- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the final IDP's five strategic objectives for the 2014/15 MTREF and further planning refinements that have directly inform

Table 16: IDP Strategic Objectives

Priorities of BBLM	Objectives	Strategies	Budget
Education	<ul style="list-style-type: none"> To facilitate the delivery of Education Facilities in order to address the backlogs in terms of this service. 	<ul style="list-style-type: none"> Facilitating the provision of additional schools in areas of need. Facilitation of the establishment of institution of higher learning (Tourism) 	R7 114 000.00
Health (prevention of of HIV/ AIDS and Other Life – Threatening Diseases) and Social Development	<ul style="list-style-type: none"> To support the programmes intended to prevent life – threatening diseases and projects intended to reduce backlogs in terms of public health facilities. 	<ul style="list-style-type: none"> Support the initiatives for the prevention of life-threatening diseases such as TB, Cancer, HIV/ AIDS etc. 	R17 980 000.00

Safety and Security	<ul style="list-style-type: none"> To provide support to the Safety and Security programmes intended to reduce the Levels of Crime and to facilitate the construction of Public Safety Facilities which would reduce the service backlogs. 	<ul style="list-style-type: none"> Promote the reduction of crime in Bela-Bela Municipal Area. Improve access to safety and security services. Establish sector policing in Bela-Bela municipal area. 	R 17 980 000.00
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Priorities of BBLM	Objectives	Strategies	Budget
Local Economic Development	<ul style="list-style-type: none"> To create a climate conducive to local economic development, Reduce the level of unemployment by 50% by 2016 and to ensure that the local economy grows at a rate of 5 % per annum. 	<ul style="list-style-type: none"> Review and Implement existing policy framework (SDF, LUMS LED Strategy, etc) to ensure conducive environment. Develop and maintain infrastructure in areas with economic development potential and high levels of poverty. Train and workshop SMME's to intensify Human Capital Development. Identify and support LED initiatives e.g. Tourism and Agriculture. 	R7 114 000.00

Water, Sanitation & Refuse Removal.	<ul style="list-style-type: none"> Improved access to safe and healthy water, sanitation and environment for the residents of Bela-Bela. 	<ul style="list-style-type: none"> Upgrading of bulk water supply and sanitation network at Bela-Bela municipal area. Identification of land for dumping site to minimise littering. 	R 39 612 000.00
Priorities of BBLM	Objectives	Strategies	Budget
Roads & Storm water	<ul style="list-style-type: none"> Well developed, upgraded, improved and maintained Roads and Storm water infrastructure within Bela-Bela. 	<ul style="list-style-type: none"> To improve the condition of the municipal controlled roads and ensure proper upgrading. To improve and upgrade the drainage systems in the township. 	R 16 252 000.00
Electricity	<ul style="list-style-type: none"> Eliminate backlogs of 432HH without the power supply by 2016. 	<ul style="list-style-type: none"> Eradicate electricity backlogs by 2016 through utilizing the municipal capital budget. 	R65 685 000.00
	<ul style="list-style-type: none"> Improve network reliability and sustainability 	<ul style="list-style-type: none"> Upgrade of all MV substation protection Restoration of overhead line protection Replacement of old cables Refurbishment and replacement of minisubs 	

		<ul style="list-style-type: none"> • Refurbish and/or replace pole top transformers
	<ul style="list-style-type: none"> • Improve network master-planning 	<ul style="list-style-type: none"> • Ensure required information is available for every master planning cycle • Up to date CAD & GIS drawings • Electronic updated copies of SLD's • Statistical metering info for substations & feeders • Detailed and accurate customer billing information
	<ul style="list-style-type: none"> • Maintain redundancy in network (sustainability) 	<ul style="list-style-type: none"> • Plan for additional capacity or NMD of +/-4 MVA in the next 3-4 years • Preparing now for the eventual handover of the new 10MVA substation for HDA Spa Park development • Begin talks with Eskom about a new 10MVA 66kV/11kV substation located on the Eastern part of Town, with a separate additional 10MVA for redundancy.

	<ul style="list-style-type: none"> • Improve network maintenance and management 	<ul style="list-style-type: none"> • Adequate staff complement • Competent and trained staff • Maintenance and Planning Systems tools • Adequate resources 	
	<ul style="list-style-type: none"> • Optimize Revenue and network efficiency 	<ul style="list-style-type: none"> • Control of costs requires measured values hence metering at substations, load profiling meters • Aligning tariff structure policy with land use policy • Load profiling and continual review of master plan at required intervals • Calculation of network efficiency levels based on load profiling and billing information 	

Priorities of BBLM	Objectives	Strategies	Budget
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Sports, Arts, Culture, Recreational Facilities and Cemeteries	<ul style="list-style-type: none"> Improved access to the sport, recreational, art, cultural and community facilities within Bela-Bela Municipal Area. 	<ul style="list-style-type: none"> To improve and maintain the existing sports, recreational and other community facilities and promotion of different sporting codes. Allocate or seek funds in order to develop sporting and recreational facilities 	R17 980 000.00
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Land, Housing and Infrastructure	<ul style="list-style-type: none"> • To facilitate provision of housing to 5040 housing list by 2016. • To facilitate for the acquisition of security of tenure for all residents (without secured tenure) of the municipality. • To create an effective system of land use management and orderly development within the whole municipal area. 	<ul style="list-style-type: none"> • Apply the “Breaking New Ground (BNG) in Housing Delivery” Policy/ A Comprehensive Plan for the Development of Sustainable Human Settlements. • Identify strategically located land within the municipality in line with the Principles of the National Spatial Development Perspective and the Spatial Development Framework to accommodate the current Housing Backlog. • Engage other spheres of government and private sector (banks and property developers) to assist with planning, infrastructure provision and housing delivery for different income categories and housing options or typologies • Put mechanisms in place to deal with the emergence or mushrooming of new informal settlements timeously. • Conduct an audit on all land occupied without any secured tenure, and facilitate for the issuing of title deeds for the affected residents. 	R17 980 000.00
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Priorities of BBLM	Objectives	Strategies	Budget
Good Governance (and Public Participation)	<ul style="list-style-type: none"> To inform the community about service delivery. To promote the image of the Municipality and interaction with the community. To promote Batho-Pele principles. To promote effective decision – making and monitoring. 	<ul style="list-style-type: none"> To improve and maintain the content of the Imbizo's, pamphlets, official notices, etc. Awareness Campaigns in relation to all municipal priorities. Liaise with sector departments (health, education, sports, arts & culture, safety & security) w.r.t amendment of their priorities to cater for the local needs. To forge closer ties with stakeholders i.e. Business Forum, CTA, NGOs, CBO, CDWs and other structures. Training of staff about customer care. On – going training of councillors and CDWs on local government matters. 	R14 565 000.00

Priorities of BBLM	Objectives	Strategies	Budget
Municipal Financial Viability	<ul style="list-style-type: none"> To manage and use the public funds in an efficient and Accountable Manner. 	<ul style="list-style-type: none"> Sound Financial Management 	R50 671 000.00
Municipal Transformation and Institutional Development	<ul style="list-style-type: none"> To create a properly upgraded and functional workplace for Municipal Staff and Cllrs to work in. To perform local government service delivery functions efficiently and effectively. To improve productivity, cost savings and efficient service delivery by the use of I.T. services. To be able to share data at required and authorized levels based on I.T. Infrastructure that is best-of-breed, scalable, interoperable, cost effective and reliable. 	<ul style="list-style-type: none"> To improve the working condition of staff and Cllrs in order to achieve a high standard of service delivery. To develop and implement an Information Management, Systems and Technology strategy that is aligned with Municipality's business strategy and requirements. To support national and provincial ICT initiatives whilst simultaneously ensuring optimum utilization, maintenance and support for existing I.T. Infrastructure. 	R41 918 000.00

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Table 17 shows the alignment of operating revenue budget with the IDP objectives.

Table 17 MBRR Table SA4 – Reconciliation of IDP objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
SPATIAL ANALYSIS AND ECONOMIC DEVELOPMENT			2	–	204	350	260	142	142	156	172	184
BASIC SERVICE DELIVERY				82,184	109,929	103,142	108,689	121,503	121,503	126,749	139,525	149,525
MUNICIPAL FINANCIAL VIABILITY				–	95,920	96,408	126,364	137,227	137,227	150,441	167,397	179,114
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT				229	1,628	928	401	404	404	445	489	489
COMMUNITY AND SOCIAL SERVICES				1,228	1,758	5,354	4,647	5,633	5,633	11,880	12,868	12,868
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	83,641	209,439	206,182	240,361	264,909	264,909	289,671	320,451	342,180

Table 18 MBRR Table SA5 – Reconciliation of IDP objectives and budget (expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
SPATIAL ANALYSIS AND ECONOMIC DEVELOPMENT BASIC SERVICE DELIVERY	ROADS			5,061	4,969	6,251	5,608	6,663	6,663	7,114	7,608	8,141	
	WATER			34,134	18,520	19,832	14,166	150,702	150,702	16,525	17,375	18,591	
	SANITATION			14,354	17,405	18,506	17,874	27,566	27,566	30,215	31,900	34,133	
	ELECTRICITY			–	637	496	1,233	506	506	549	596	638	
	WATER REMOVAL			50,594	508,365	57,252	60,250	62,937	62,937	65,686	69,674	74,551	
MUNICIPAL FINANCIAL VIABILITY				914	4,776	8,174	60,250	62,937	62,937	65,686	69,674	74,551	
COMMUNITY AND SOCIAL SERVICES				13,071	71,380	37,916	64,563	37,520	37,520	50,671	69,483	74,347	
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT GOOD GOVERNACE AND PUBLIC PARTICIPATION				2,536	19,666	10,233	14,078	17,041	17,041	17,980	19,063	20,397	
				–	16,964	34,446	35,639	39,478	39,478	41,918	44,529	47,646	
				44,759	10,728	12,265	12,848	13,832	13,832	14,565	15,347	16,421	
Allocations to other priorities													
Total Expenditure				1	165 423	673 410	205 371	286 509	419 182	419 182	310 909	345 249	369 416

Table 19 MBRR Table SA6 – Reconciliation of IDP objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
BASIC SERVICE DELIVERY	ROAD PAVING PHASE 3	A		–	2,684	3,619			2,822	–	–	–
	BULK INFRASTRUCTURE X9	B			3,734	5,558	2,500	–	2,500	4,025	–	
	LINCECE TESTING GROUND	C			3,800	6,903	3,919	–	3,919	–	–	
	RESURFACING SPORT COURT	D					1,200	–	1,200	–	–	–
	MULTI PURPOSE DOUBLE STOREY	E					2,799	–	2,799	5,000	6,200	–
	UPDGRADE MOLOTO STREET	F					–	–	–	3,755	6,000	–
	SPORTS STADIUM BELABELA	G					–	–	–	1,103	–	–
	HIGH-SPORT STADIUM	H			2,000		–	–	–	3,700	5,500	–
	STORMWATER	I					–	–	–	3,500	4,299	–

Strategic Objective R thousand	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
COMMUNITY AND SOCIAL SERVICES	BULK INFRASTRUCTURE	J					-	-	-	-	-	-
	X25 UPGRADE MOLOTO STADIUM	K			3,000	2,024						
	UPGRADE SUNFA STADIUM	L					-	-	-	-	-	-
		M				2,000						
MUNICIPAL FINANCIAL VIABILITY		N			12,026	7,170						
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT												
Allocations to other priorities				3								
Total Capital Expenditure				1	-	27,244	27,274	10,418	-	13,241	21,083	21,999
												-

2.5 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Indigent households receive free basic water of 50 kl and 100 kwh of electricity per month. For the 2013/14 financial year 4 024 registered indigents have been provided for in the budget.

2.6 Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and Magalies Water is the water services provider.

Approximately 50.00 per cent of the Municipality's bulk water needs are provided by Magalies Water in the form of purified water. The remaining 50 per cent is generated from the Municipality's own water sources, such as boreholes and the dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Bela-Bela Municipality has achieved an acceptable score of 71.07% during Blue Drop Certification Programme for its only Water Treatment Plant. This has put the Municipality on the 6th position in Limpopo Province. This is a sign that the municipality is doing well on improving its water quality and aiming to achieve an excellent score.

Waste water treatment works, did not perform well due to the upgrade which were taking place during the time of assessment. However, the upgrade is now complete and we are aiming to achieve better results in terms of meeting the minimum Green Drop certification standards.

The following is briefly the main challenges facing the Municipality in this regard:

- Shortage of skilled personnel makes proper operations and maintenance difficult; and
- Infiltration of storm water into the sewerage system.
-

The following are some of the steps that have been taken to address these challenges:

- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Division will be working in consultation with the Department of Water Affairs to address catchment management.

2.7 Measurable performance objectives and indicators

The table below shows the key measurable financial indicators of the BelaBla municipality. With time permitting and availability of information, these indicators will be benchmarked against the indicators of other municipalities of similar type, size and functions. Table 20 below shows the financial performance objectives of the municipality.

Table 20 MBRR Table SA8–Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Borrowing Management</u>											
Credit Rating		0	0	0	0	0	0	0			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.5%	2.0%	0.6%	1.3%	1.1%	5.1%	9.8%	1.0%	1.0%	0.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.9%	2.7%	0.9%	1.7%	1.6%	7.3%	10.5%	1.3%	1.2%	1.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	103.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	(0.4)	0.6	0.5	0.8	–	–	5.1	1.4	1.7	2.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	(0.4)	0.6	(1.4)	(3.7)	–	–	(7.3)	(0.0)	0.2	0.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.1	0.1	–	–	–	1.7	–	–	–
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		124.0%	65.3%	91.4%	94.6%	95.1%	111.6%	92.5%	95.8%	95.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		124.0%	65.3%	96.1%	94.6%	95.1%	107.3%	86.4%	95.8%	95.9%	96.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	-21.8%	11.1%	11.4%	10.2%	0.0%	0.0%	22.2%	12.9%	13.5%	14.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				10.0%	10.0%	10.0%	10.0%	5.0%	5.0%	5.0%

<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	70.0%	70.0%	89.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		42.5%	42.1%	62.8%	33.8%	0.0%	0.0%	-67.5%	33.7%	21.5%	12.8%
<u>Other Indicators</u>											
	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)			17815367	10,146,942	10,146,942	10,146,942	10,146,942	9132247.8	8219023.02	7397120.718
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated				4,833	4,833	4,833	4,833	4,350	3,915	3,523
				0	0	0	0	0	0	0	0
	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)			792	409	409	409	409	368	332	298
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated				1,641	1,641	1,641	1,641	1	1	1
				0	0	0	0	0	0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	50.7%	29.6%	31.0%	31.4%	30.0%	30.0%	30.3%	29.8%	28.2%	28.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	52.2%	31.4%	32.8%	36.1%	34.4%	34.4%		33.5%	31.8%	31.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	2.4%	2.6%	3.5%	3.0%	3.0%		6.4%	6.4%	6.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	45.5%	21.9%	31.6%	4.5%	19.2%	19.2%	-8.8%	8.2%	10.6%	10.9%
<u>IDP regulation financial viability indicators</u>	—										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	7.4	25.2	17.8	17.9	17.9	17.9	12.2	21.8	22.5	24.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	-39.5%	16.2%	15.1%	15.5%	0.0%	0.0%	31.8%	19.2%	19.8%	21.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	5.3	2.9	4.3	4.1	5.6	3.5	(0.9)	4.3	6.2	8.3
Calculation data											
Debtors > 90 days				100,443	140,000	140,000	140,000	140,000	40,000	39,000	37,000
Monthly fixed operational expenditure		11,935	13,152	14,098	16,239	16,896	15,940	10,389	19,091	20,020	21,128
Fixed operational expenditure % assumption		40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Own capex		12,907	10,665	9,020	—	—	—	—	10,000	10,000	10,000
Borrowing		13,303	—	—	—	—	—	—	—	—	—

Analysis of table 20 above of the current financial status of the Financial Viability: taking a preliminary view of the Bela-Bela's assumptions and challenges into account:

1. Current Ratios:

The ratio is used to assess Belabela local municipality's ability to pay back its short term liability with its short term assets. For a good current ratios, the norm should be between 1.5 to 2.1. The current Belabela current ratios of 0.34 for 2013/2014 and that of 1.5 for 2014/15 is favourable to the municipality and indicate that the municipality is able to service its short terms liability from its short term assets.

2. Debtors collection:

The ratios is used to measure increases or decrease in Debtors relative to annual billed revenue. The norm for this ratios should be 95%. Belabela local municipality debtors collection for 2014/15 indicate a percentage of 92.42%. It is favourable to municipality since its below the norm of 95%

3. Creditors Payment period:

This ratios indicate the average number of days Belabela local municipality take for trade creditors to be paid. The norm for good creditors days should not be more than 30 days. For the 2013/14 and 2014/15, it can be seen that, the municipality was not within the norm and great initiative was taken by management to ensure creditors are paid within the required norm.

4. Personnel Cost:

The ratios measures the extent of remuneration to total operating expenditure. The norm for this ratios range between 25% and 40%. If this ratios exceed the norm it could indicate inefficiencies, overstaffing or even the incorrect focus due to misdirected expenditure to non-essential or non-services delivery related expenditure. With regard to Belabale municipality employee cost ratio of 32% for the 2014/15 budget year, the norm on this ratios are favourable. This indicate that there are no overstaffing and personnel cost is efficient

Remuneration of councilors:

The remuneration of councilors have increased by 6.2% as per the projected upper limits for 2014/15 financial year, however the total councilors remuneration has increased by 8% from the 2014/2015 financial year. This increase is due to Section 79 chairpersons where the chairpersons were not properly remunerated during the previous financial year. This was rectified on the 2014/2015 financial year and going forward.

5. Repair and maintenance:

The ratios measure the level of repair and maintenance to ensure adequate maintenance to prevent breakdown and interruption to service delivery. The norm for this ratio rests at 8%. Bela-Bela Local Municipality's ratio has increased from 4% in 2013/14 to 7% in 2014/15 financial year. A ratio below the norm is a reflection that insufficient monies are being spent on repair and maintenance to the extent that it could increase impairment of useful assets.

6. Cost of Capital:

The ratios indicate the cost required to service the borrowing. It assesses the borrowing or payment obligation or payment obligation expressed as a percentage of total operating expenditure. Belabela municipality is operating at below the norm of 8% and this is an indication that the municipality has capacity to take on additional financing from borrowing to invest in infrastructure projects.

2.8 Overview of budget related-policies

In Table 21 below, the relevant budget related policies are set out.

Table 21 : Policies				
No	Policy Description	Date Reviewed/ Developed	Status	Comment
1	Credit Control and Debt Collection Policy	2014/15	In use	With effect from 01/07/2014
2	Property Rates Policy	2014/15	In use	With effect from 01/07/2014
3	Assets Management Policy	2013/14	In use	No changes recommended
4	Indigent Policy	2014/15	In use	With effect from 01/07/2014
5	Borrowing framework policy	2013/14	In use	No changes recommended
6	Budget Implementation and Monitoring Policy	2013/14	In use	No changes recommended
7	Cash Management and Investment Policy	2014/15	In use	With effect from 01/07/2014
8	Funding Reserves Policy	2013/14	In use	No changes recommended
9	Prioritisation Model for Capital Assets Investment	2014/15	Draft	With effect from 01/07/2014
10	Policy on Infrastructure Investment and Capital Projects	2013/14	In use	No changes recommended
11	Policy on Long Term Financial Planning	2013/14	In use	No changes recommended
12	Policy on Provision for doubtful debts and writing off of irrecoverable debts	2014/15	In use	With effect from 01/07/2014
13	Principles and Policy on Tariffs	2013/14	In use	No changes recommended
14	Petty Cash Policy	2014/15	Draft	With effect from 01/07/2014
15	Supply Chain Management Policy	2014/15	In use	With effect from 01/07/2014

There is one new policy (highlighted in grey in Table 21 above) developed as part of the review process of our budget related policies. A Draft Prioritisation Model for Capital Assets Investment (Appendix 1 attached to the report) was developed to prioritise all capital project requests. The capital projects will compete for available funding based on their percentage points obtained in the prioritisation process. More about the available funding sources for capital projects have been discussed in paragraph 1.4 above in this report.

Amendments in Supply Chain management policy

- The main amendments to the Supply Chain Management Policy include the inclusion of The Cost containment measures as part of the annexures to the policy.

Policy on Provision for doubtful debts and writing off of irrecoverable debts

The main changes of on the policy includes:

- All outstanding indigent accounts for 2014/15 financial year will be written off upon approval
- If 50.00% of the 60 and more days outstanding account is paid, the remaining 50.00% will be written off.
- 10.00% discount will be given on July 2014 services accounts for all up to date customer accounts (Customers who properly serviced their accounts until a day before July 2014 billing date)

Property rates policy

The main changes of on the policy includes:

- 10.00% Rebate will be granted to all residential account
- 65.00% rebate will be granted to approved bona-fide farmers
- No increase in the Rand in a Cent for all categories

2.9 Overview of budget assumptions

In Table 2 below the budget assumptions issues are depicted with the next three years assumed percentage increases.

Council's wage bill, bulk purchases and capital charges constitutes 75% of our operating budget expenditure. Council have very little control over them since the cost of living salary increases are determined at a higher authority (Bargaining Council level); bulk electricity purchases by NERSA; bulk water purchase by Magalies; and, interest on loans to be set by borrowing authorities (Financial Institutions).

The cost of living and notch increases on the wage bill amounted to 6.00% and 5.00% over the last two financial years and is estimated to increase with 6.8% for 2014/2015 and 6.4% for the two outgoing years. Bulk electricity purchases increased with 12% in the previous financial year and are estimated to increase with 7.39% for 2014/2015 and 7.39% for the two outgoing years. Bulk water purchases increased with 15.0% and over the last two financial years and are estimated to increase with 15.00% for 2014/2015 and 15.00% over the next two outgoing years. Interest rate on external borrowings is 10.69% and seriously affects our operating budget when we borrow money to finance our capital expenditure.

Compare the above with actual CPIX inflation rate of 5.9% in the last two financial years and the estimated CPIX of 6.2% for 2014/2015 and the 5.9% for the outer two years and one will see that Council cannot approve tariffs at the inflation rate levels if Council would like to sustain their service standards.

Table 22: Budget Assumptions				
No	Expenditure / Revenue Component	2014/15	2015/16	2016/17
1	CPI Inflation Rate	6.20%	5.90%	5.50%
2	Property Rates Revenue Increases	0.00%	5.90%	5.50%
3	Electricity Revenue increases	7.40%	7.40%	7.40%
4	Water Revenue Increases	16.00%	16.00%	16.00%
5	Sanitation Revenue Increases	5.40%	5.40%	5.40%
6	Refuse Revenue Increases	5.40%	5.40%	5.40%
7	Rental Revenue Increases	5.40%	5.40%	5.40%
8	Sundry Revenue Increases	5.40%	5.90%	5.50%
9	Salaries	6.80%	6.40%	6.40%
10	Bulk Electricity Purchases	7.39%	7.39%	7.39%
11	Bulk Water Purchases	15.00%	15.00%	15.00%

In Table 22 above the estimated operating revenue stream increases are depicted to fund the operating budget expenditure. It must be emphasised that to balance the operating budget, senior management had to cut material amount worth of operating expenditure requests that exceeded our affordable and sustainable revenue streams.

The revenue streams increases as follows

- Property rates with 0.0%;
- Electricity revenue with 7.40%
- Water revenue with 16.00%
- Sanitation revenue with 5.40%
- Refuse removal revenue with 5.40%
- Rental revenue with 8.00%and
- Sundry revenue with 6.20%.

It must be noted that property rates revenue due to the general valuation will undergo restructured tariffs. Electricity revenue tariffs will also undergo some restructuring especially with regard to the time-of-use customers and pre-paid electricity customers.

Council is sensitive to the affordability and sustainability of the tariffs to be imposed. We carefully monitor the payment and collection rates and are thankful that the customer base of Bela-Bela Municipality pays more than 80.00% of their billed accounts. Through the financial support and incentives envisaged through our new budget related policies developed we are hopeful that the payment rate will increase to 90.00% over the next 12 to 15 months.

2.9.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Bela-Bela's residents and businesses;

- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee and Councillor related costs comprise 29 per cent of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement with SALGBC is not yet concluded and National Treasury has advised municipalities to budget for an increase of 5.0 per cent.

2.9.2 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality did not budget to raise any long term loans due to the squeezed cash position and low payment levels.

2.9.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (80 per cent) of annual billings. Cash flow is assumed to be 80 per cent of billings including collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.9.4 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.9.5 Salary increases

Section 17(3)(k) of the MFMA determines that as part of the budget resolutions the proposed cost to the municipality for the budget year of the salary, allowances and benefits of each political office bearer, Municipal Manager, Chief Financial Officer and senior manager reporting to the Municipal Manager must be disclosed. Since the abovementioned do not qualify for notch increases, an overall increase percentage of 6.80% as per wage inflation rates were used. The total proposed cost to the municipality packages budgeted for are

- Municipal Manager = R 1 450 000.00;

- Chief Financial Officer = R1 078 519.80;
- Executive Managers = R982 476.70;
- Mayor = R723 918.17;
- Speaker = R579 134.75;
- Chief Whip = R 542 939.16;
- Chairperson of S79 Committee = R 278 708.48; and
- Ordinary Council Member = R 217 175.66.

2.9.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities, as articulated by the President of the country in his State of the Nation Address (SoNA) early last year, form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives. However, it is also important to take cognisance of the fact that some of these priorities are not directly linked to the powers and functions assigned to the municipality. Nevertheless efforts will be made to contribute to these priorities.

2.10 Overview of budget funding

2.10.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 23 Breakdown of the operating revenue over the medium-term

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	37,782	39,360	44,807	42,550	47,752	47,752	37,531	59,401	69,496	73,249
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	6,803	70,432	80,584	77,329	85,431	85,431	55,812	103,517	111,298	119,664
Service charges - water revenue	2	9,671	19,419	20,979	20,296	20,296	20,296	13,050	24,433	28,098	32,313
Service charges - sanitation revenue	2	5,885	7,183	7,676	7,260	7,260	7,260	5,404	7,310	7,742	8,198
Service charges - refuse revenue	2	5,988	6,708	6,932	6,903	6,903	6,903	4,945	6,490	6,873	7,279
Service charges - other		(25)	19	517	271	3,600	3,600	1,616	4,002	4,218	4,446

Rental of facilities and equipment		354	1,303	596	214	1,345	1,345	800	1,616	1,704	1,796
Interest earned - external investments		97	134	325	356	356	356	226	376	396	418
Interest earned - outstanding debtors		6,471	9,479	6,005	9,785	9,785	9,785	5,361	10,333	10,891	11,479
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1,228	1,197	4,056	-	-	-	-	-	-	-
Licences and permits		7,148	8,540	11,529	8,750	8,750	8,750	5,909	10,000	10,540	11,109
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		38,031	42,317	34,903	53,722	64,214	64,214	40,008	60,905	69,417	74,565
Other revenue	2	1,169	6,769	(4,401)	7,904	8,649	8,649	7,788	18,795	16,651	17,554
Gains on disposal of PPE		-	(2,555)	758	-	-	-	(7,922)	-	-	-
Total Revenue (excluding capital transfers and contributions)		120,601	210,306	215,265	235,340	264,341	264,341	170,527	307,179	337,323	362,069

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. Table 23 above shows the major categories of the revenue of the municipality over the MTREF. As can be seen from the table, property rates, service charges and government transfers constitute a larger proportion of the operating revenue.

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Increased collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Water tariff increases as influenced by increases from Magalies Water;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The tables below provide detail investment information and investment particulars by maturity.

Table 24 MBRRSA15 – Detail Investment Information

Investment type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
<u>Parent municipality</u>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank						-				

Investment type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Deposits - Public Investment Commissioners	1		7,164	2,658	3,767		3,767	10,000	10,000	10,000
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total		-	7,164	2,658	3,767	-	3,767	10,000	10,000	10,000
<u>Entities</u>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	7,164	2,658	3,767	-	3,767	10,000	10,000	10,000

Table 25 MBRRSA18 – Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		38,031	42,317	34,903	53,722	64,214	64,214	60,905	69,417	74,565
Local Government Equitable Share		35,685	39,329	30,818	48,639	59,949	59,949	54,332	63,253	68,258
Finance Management		-	419	173	-	200	200	211	223	235
Municipal Systems Improvement		993	1,228	1,500	2,568	1,550	1,550	1,600	1,650	1,700
Water Services Operating Subsidy		1,189	787	800	890	890	890	934	967	1,019
EPWP Incentive		129	277	482	625	625	625	1,705	1,201	1,230
		-	-	-	-	-	-	-	-	-
MIG Operation		34	277	1,130	1,000	1,000	1,000	2,123	2,123	2,123
Provincial Government:		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-

MIG Operation		-	-	-	-	-	-	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	38,031	42,317	34,903	53,722	64,214	64,214	60,905	69,417	74,565
Capital Transfers and Grants										
National Government:		8,708	10,324	16,413	19,347	19,347	19,347	22,193	23,157	24,033
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]		8,708	10,324	16,413	19,347	19,347	19,347	22,193	23,157	24,033
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	8,708	10,324	16,413	19,347	19,347	19,347	22,193	23,157	24,033
TOTAL RECEIPTS OF TRANSFERS & GRANTS		46,739	52,641	51,316	73,069	83,561	83,561	83,098	92,574	98,598

2.10.2 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (application > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 26MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework
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R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	63,564	38,501	61,147	66,082	94,354	55,875	(8,878)	81,515	124,839	175,713
Other current investments > 90 days		(69,288)	(46,633)	(58,599)	(65,426)	(94,354)	(55,875)	28,516	(81,515)	(124,839)	(175,713)
Non current assets - Investments	1	-	21	-	920	-	-	-	10,000	11,300	12,500
Cash and investments available:		(5,725)	(8,112)	2,548	1,575	-	-	19,638	10,000	11,300	12,500
<u>Application of cash and investments</u>											
Unspent conditional transfers		188	5,404	0	-	-	-	10,373	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	59,591	932	14,945	(368)	-	-	(26,739)	(8,481)	(14,484)	(25,154)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		59,779	6,336	14,946	(368)	-	-	(16,366)	(8,481)	(14,484)	(25,154)
Surplus(shortfall)		(65,504)	(14,448)	(12,397)	1,943	-	-	36,004	18,481	25,784	37,654

From the above table it can be seen that the cash and investments available total R81.5 million in the 2014/2015 financial year and progressively increase to R175.7 million by 2016/2017, including the projected cash and cash equivalents as determined in the cash flow forecast. The following breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is, obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. As noted in the executive summary the Municipality has been negatively affected by the decision to halt all conditional and unconditional grants by the Minister of Finance. In this regards, an amount of R14 million could not be transferred to the municipality during 2012/2013 financial year.
- The main purpose of the other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor's non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the municipality in the past resulting in cash flow challenges. For this purpose in 2013/2014 financial year the municipality made a provision (cash back reserves and accumulated surplus) equivalent to one month's operational expenditure, which will be the case for the 2014/2015 financial year. It must be noted that although this can be considered a step in the right direction, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Therefore it is absolutely imperative that the credit control action plan approved by Council is implemented consistently, because any underperformance in

relation to collections could place an upward pressure on the ability of the municipality to meet its creditor obligations.

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites. The municipality has indicated its intention to built up cash-backed reserve in terms of the newly approved reserve policy.
- It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.10.3 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 27 MBRR Table SA10 – Funding compliance measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures	–	–										
Cash/cash equivalents at the year end - R'000	18(1)b	1	63,564	38,501	61,147	66,082	94,354	55,875	(8,878)	81,515	124,839	175,713
Cash + investments at the yrend less applications - R'000	18(1)b	2	(65,504)	(14,448)	(12,397)	–	–	–	36,004	–	–	–
Cash year end/monthly employees/supplier payments	18(1)b	3	5.3	2.9	4.3	4.1	5.6	3.5	(0.9)	4.3	6.3	8.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(81,668)	(6,187)	(29,215)	16,781	(101)	(101)	31,630	35,793	42,391	48,634
Service charge rev % change - macro CPIIX target exclusive	18(1)a,(2)	5	N.A.	110.5%	6.8%	(10.3%)	4.8%	(6.0%)	(36.9%)	13.8%	5.0%	1.7%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	124.0%	65.3%	96.1%	94.6%	95.1%	107.3%	86.4%	95.8%	95.9%	96.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4.2%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c,(19)	8	114.2%	3.8%	94.1%	100.0%	100.0%	100.0%	24.9%	103.6%	103.6%	103.7%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	103.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - inc/(decr)	18(1)a	11	N.A.	(189.0%)	4.5%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Long term receivables % change - inc/(decr)	18(1)a	12	N.A.	0.0%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
High Level Outcome of Funding Compliance												

Total Operating Revenue			120,601	210,306	215,265	235,340	264,341	264,341	170,527	307,179	337,323	362,069
Total Operating Expenditure			210,976	226,818	260,893	237,906	283,789	283,789	138,897	293,579	318,089	337,467
Surplus/(Deficit) Budgeted Operating Statement			(90,376)	(16,512)	(45,628)	(2,565)	(19,448)	(19,448)	31,630	13,600	19,234	24,601
Surplus/(Deficit) Considering Reserves and Cash Backing			(155,880)	(30,960)	(58,025)	(2,565)	(19,448)	(19,448)	67,634	13,600	19,234	24,601
MTREF Funded (1) / Unfunded (0)	15	0	0	0	0	0	0	0	1	1	1	1
MTREF Funded ü / Unfunded ü	15	ü	ü	ü	ü	ü	ü	ü	ü	ü	ü	ü

Cash/cash equivalent position

The municipality's forecast position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short-term debt at the end of the financial year. The forecasted cash and cash equivalent for the 2014/2015 MTREF shows R81.5 million, R124.8 million and R175.7 million for each respective financial year.

Cash plus investment less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is on Table 12 above. The reconciliation is intended to be relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been stagnant at 0.1 from 2011/2012 to 2012/2013 MTREF. As part of the 2014/2015 MTREF the municipality's improving cash position causes the ratio to move upwards to 1.7 and then 5.2 in the outer years.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2014/2015 MTREF the indicative outcome is a

surplus of R32.2 million, R49.9million for 2015/2016 and R60.8 million for 2016/2017 financial year.

It must be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals started at negative 6 per cent and then growing to 17 per cent and thereafter went down to 1.6 per cent for the respective financial year of the 201/15 MTREF

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 95.1, 95.9 and 95.9 per cent for each of the respective financial years. Given that the assumed collection rate was based on a80 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. For the 2014/2015 financial year, the debt impairment expense is expressed as percentage of 15 per cent.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. For 2014/2015 financial year the municipality has not budgeted for any borrowing to finance capital expenditure.

Transfers/grants revenue as a percentage of Government transfers/grants Available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a deficit trend in line with the municipality's policy of settling debtor's accounts within 30 days.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. The municipality has budgeted to spend 7.00% of the operating budget on repairs and maintenance for the 2014/2015 financial year.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

In summary, the funding compliance measurement above shows that serious attempts were made to make the budget funded. This is in line with the recommendations made by the National and Provincial Treasuries.

2.11 Expenditure on allocations and grant programme

Table 28MBRR SA19 - Expenditure on transfers and grant programmes

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		37,435	41,621	34,248	52,079	–	8,304	58,989	67,993	73,100
Local Government Equitable Share										
		35,685	39,329	30,818	48,639	–	4,864	54,332	63,253	68,258
Finance Management Grant		1,000	1,228	1,500	1,550	–	1,550	1,600	1,650	1,700
Municipal System Improvement		750	787	800	890	–	890	934	967	1,019
Water Services Operating Subsidy		–	277	130	–	–	–	1,000	1,000	1,000
EPWP Incentive		–	–	1,000	1,000	–	1,000	1,123	1,123	1,123
Provincial Government:		–	–	–	–	–	–	–	–	–
MIG Operation										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total operating expenditure of Transfers and Grants:		37,435	41,621	34,248	52,079	–	8,304	58,989	67,993	73,100
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		9,401	15,518	17,889	19,347	–	19,347	22,193	23,157	24,033
Municipali Infrastructure (MIG)		9,401	15,518	17,889	19,347	–	19,347	22,193	23,157	24,033
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total capital expenditure of Transfers and Grants		9,401	15,518	17,889	19,347	–	19,347	22,193	23,157	24,033
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		46,836	57,139	52,137	71,426	–	27,651	81,182	91,150	97,133

Table 28 above shows that the municipality has planned to utilise all allocated grants in their respective financial years they are received.

Table 29MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year			40		54		54			
Current year receipts			2,317	48,258	53,097	-	53,097	58,989	67,993	73,100
Conditions met - transferred to revenue		-	2,291	48,258	53,151	-	53,151	58,989	67,993	73,100
Conditions still to be met - transferred to liabilities			66							
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	2,291	48,258	53,151	-	53,151	58,989	67,993	73,100
Total operating transfers and grants - CTBM	2	-	66	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year			15,518	17,889	19,347		19,347	22,193	23,157	24,033
Current year receipts										
Conditions met - transferred to revenue		-	10,327	17,889	19,347	-	19,347	22,193	23,157	24,033
Conditions still to be met - transferred to liabilities			5,191							
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	10,327	17,889	19,347	-	19,347	22,193	23,157	24,033
Total capital transfers and grants - CTBM	2	-	5,191	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	12,618	66,147	72,498	-	72,498	81,182	91,150	97,133
TOTAL TRANSFERS AND GRANTS - CTBM		-	5,257	-	-	-	-	-	-	-

2.12 Allocations and grant made by the municipality

The municipality has not budgeted to make any allocations or grants to individuals or external parties.

2.13 Councillor and employee benefits

Table 30MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1,796	3,671	3,988	5,027	5,497	5,497	5,956	6,310	6,688
Sub Total - Councillors		1,796	3,671	3,988	5,027	5,497	5,497	5,956	6,310	6,688
% increase	4		104.4%	8.6%	26.1%	9.3%	-	8.3%	6.0%	6.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		-	-	-	6,147	6,147	6,147	6,458	6,872	7,312
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		-	-	-	6,147	6,147	6,147	6,458	6,872	7,312
% increase	4		-	-	-	-	-	5.1%	6.4%	6.4%
Other Municipal Staff										
Basic Salaries and Wages		53,878	54,326	57,281	67,755	69,714	69,714	63,124	65,526	69,698
Pension and UIF Contributions		282	351	180	1,422	1,436	1,436	848	801	851
Medical Aid Contributions		737	937	803	1,000	1,000	1,000	-	-	-
Overtime		3,100	3,022	3,561	1,592	2,975	2,975	2,913	3,099	3,297
Performance Bonus		-	-	-	-	-	-	8,858	9,275	9,867
Motor Vehicle Allowance	3	3,103	3,631	2,889	2,059	3,416	3,416	2,607	2,671	2,841
Cellphone Allowance	3	-	-	-	-	428	428	11,802	12,395	13,185
Housing Allowances	3	-	-	-	-	6	6	87	92	98
Other benefits and allowances	3	-	-	-	-	-	-	110	97	103
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	230	230	51	54	57
Post-retirement benefit obligations	6	-	-	1,929	-	-	-	-	-	-
Sub Total - Other Municipal Staff		61,100	62,266	66,644	73,828	79,205	79,205	90,400	94,011	100,000
% increase	4		1.9%	7.0%	10.8%	7.3%	-	14.1%	4.0%	6.4%
Total Parent Municipality		62,896	65,937	70,632	85,002	90,849	90,849	102,814	107,193	113,999
			4.8%	7.1%	20.3%	6.9%	-	13.2%	4.3%	6.3%
Board Members of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-

Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		62,896	65,937	70,632	85,002	90,849	90,849	102,814	107,193	113,999
% increase	4		4.8%	7.1%	20.3%	6.9%	-	13.2%	4.3%	6.3%
TOTAL MANAGERS AND STAFF	5.7	61,100	62,266	66,644	79,975	85,352	85,352	96,859	100,883	107,311

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Rand per annum	3							
Councillors								
Speaker	4		579,135					579,135
Chief Whip			542,939					542,939
Executive Mayor			723,918					723,918
Deputy Executive Mayor			–					–
Executive Committee			836,909					836,909
Total for all other councillors			3,273,099					3,273,099
Total Councillors	8	–	5,956,000	–	–			5,956,000
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,450,000					1,450,000
Chief Finance Officer			1,078,520					1,078,520
Corporate Services			982,477					982,477
Social & Community Services			982,477					982,477
Planning & Economic Development			982,477					982,477
Technical Services			982,477					982,477
List of each official with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	6,458,427	–	–	–		6,458,427

<u>A Heading for Each Entity</u>	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	12 414 427	-	-	-		12 414 427

Summary of Personnel Numbers	Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
		Position s	Permane nt employee s	Contract employee s	Position s	Permane nt employee s	Contract employee s	Position s	Permane nt employee s	Contract employee s
Municipal Council and Boards of Municipal Entities	1,2,4,5,3,7									
Councillors (Political Office Bearers plus Other Councillors)		17		17	17		17	17		17
Board Members of municipal entities										
Municipal employees										
Municipal Manager and Senior Managers		6		6	6		6	6		3
Other Managers		18	17	1	18	17	1	21	17	4
Professionals		25	24	1	49	35	1	57	51	6
Finance		6	6		16	8		22	17	5
Spatial/town planning		4	4		13	8		13	13	-
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		15	14	1	20	19	1	22	21	1
Technicians		44	44	-	41	29	-	28	28	-
Finance										
Spatial/town planning										
Information Technology					1	1		1	1	
Roads		5	5		2	2		1	1	
Electricity		11	11		16	7		17	17	
Water		8	8		4	1		4	4	
Sanitation		7	7		1	1		5	5	
Refuse		6	6		1	1		-	-	
Other		7	7		16	16		-	-	
Clerks (Clerical and administrative) Service and sales workers		72	72		44	44	2	55	44	11

Skilled agricultural and fishery workers Craft and related trades									
Plant and Machine Operators				77	78		77	66	
Elementary Occupations		168	168		163	140	1	163	142
TOTAL PERSONNEL NUMBERS	9	350	325	25	415	343	28	424	348
% increase				18.6%	5.5%	12.0%	2.2%	1.5%	50.0%
Total municipal employees headcount	6,								
Finance personnel headcount	10								
Human Resources personnel headcount	8,								
	10								

2.14 Monthly targets for revenue, expenditure and cash flow

Table 33MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Revenue By Source</u>	-															
Property rates		4,212	4,865	4,916	4,059	5,853	6,434	4,819	5,640	5,734	4,734	4,101	4,034	59,401	69,496	73,249
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		8,443	6,285	7,069	7,419	7,777	12,918	6,821	7,005	5,963	8,963	11,926	12,927	103,517	111,298	119,664
Service charges - water revenue		1,689	1,977	1,981	1,978	1,781	2,762	1,773	1,962	1,842	2,848	2,424	1,417	24,433	28,098	32,313
Service charges - sanitation revenue		613	618	618	619	610	625	613	606	628	618	601	539	7,310	7,742	8,198
Service charges - refuse revenue		513	510	524	534	544	605	534	524	523	523	593	561	6,490	6,873	7,279
Service charges - other		194	187	170	197	1,346	318	342	253	108	198	298	389	4,002	4,218	4,446
Rental of facilities and equipment		132	154	89	108	147	116	158	138	139	101	198	138	1,616	1,704	1,796
Interest earned - external investments		31	31	31	31	31	31	31	31	31	31	31	35	376	396	418
Interest earned - outstanding debtors		617	622	609	637	620	1,353	1,010	644	664	734	779	2,043	10,333	10,891	11,479
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits		736	748	790	815	947	1,025	997	729	730	735	863	886	10,000	10,540	11,109
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		4,370	21,148	3,836	3,021	3,297	21,722	-	3,508	-	-	-	1	60,905	69,417	74,565
Other revenue		2,261	682	726	976	765	3,134	936	1,088	1,566	1,966	2,870	1,823	18,795	16,651	17,554
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		23,813	37,828	21,360	20,395	23,720	51,042	18,035	22,129	17,929	21,452	24,685	24,792	307,179	337,323	362,069
<u>Expenditure By Type</u>	-															
Employee related costs		11,085	11,185	11,099	11,174	11,280	12,366	11,744	11,562	-	-	-	(0)	91,494	95,174	101,237
Remuneration of councillors		496	496	496	496	496	496	496	496	496	496	496	496	5,956	6,310	6,688
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		-	-	-	-	-	-	-	-	-	-	17,010	5,030	22,040	32,680	36,272
Finance charges		201	201	197	201	197	1,318	200	190	80	114	97	104	3,100	3,100	3,100
Bulk purchases		7,275	5,766	8,427	4,786	4,826	6,690	4,750	4,856	4,243	5,986	7,729	7,729	73,064	77,820	82,955
Other materials		1,033	1,302	2,018	1,032	1,251	1,555	1,939	1,436	1,027	2,053	3,080	2,053	19,778	21,485	23,237
Contracted services		1,501	1,564	1,949	3,328	2,416	3,629	1,649	1,713	2,609	652	1,956	1,956	24,924	26,390	27,780
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Other expenditure		3,508	3,423	5,143	5,057	5,373	6,053	3,610	4,092	4,143	4,143	4,680	7,400	56,625	57,119	56,197
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		25,100	23,937	29,330	26,073	25,840	32,108	24,388	24,344	12,598	13,445	35,049	24,768	296,979	320,079	337,467
Surplus/(Deficit)		(1,287)	13,890	(7,971)	(5,678)	(2,120)	18,935	(6,353)	(2,215)	5,331	8,007	(10,364)	25	10,200	17,244	24,601
Transfers recognised - capital		9,097	–	–	3,548	–	2,774	–	2,774	–	–	–	4,000	22,193	23,157	24,033
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		7,810	13,890	(7,971)	(2,130)	(2,120)	21,709	(6,353)	559	5,331	8,007	(10,364)	4,025	32,393	40,401	48,634
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	7,810	13,890	(7,971)	(2,130)	(2,120)	21,709	(6,353)	559	5,331	8,007	(10,364)	4,025	32,393	40,401	48,634

Table 34 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	-															
Vote 1 - Chief Financial Officer		8,041	2,170	5,466	4,982	2,650	30,073	7,477	6,582	7,892	9,824	10,235	44,971	140,363	156,985	166,956
Vote 2 - Corporate Services		108	167	165	101	173	106	137	114	104	114	128	205	1,622	1,710	1,802
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		34	34	38	30	30	30	40	47	48	9	10	73	423	446	470
Vote 6 - Social and Community Services		1,601	2,276	1,821	1,724	1,325	3,090	1,720	1,549	1,349	1,549	2,549	2,986	23,539	24,812	26,156
Vote 7 - Speaker		-	-	-	-	-	-	-	-	-	-	-	23,316	23,316	24,280	25,156
Vote 8 - Technical Services		8,299	18,939	9,005	9,485	11,887	3,240	8,829	10,882	10,882	10,882	18,882	18,897	140,109	152,248	165,561
Vote 9 - Balance Sheet		1	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Balance Sheet		1	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		18,084	23,585	16,495	16,322	16,065	36,539	18,203	19,174	20,275	22,378	31,804	90,448	329,372	360,480	386,102
Expenditure by Vote to be appropriated	-															
Vote 1 - Chief Financial Officer		4,960	19,820	2,625	4,255	3,598	8,764	3,952	3,684	3,684	4,684	4,684	5,031	69,741	82,144	88,143
Vote 2 - Corporate Services		2,096	2,344	2,612	2,206	2,288	3,192	2,114	2,050	2,100	2,145	2,145	4,965	30,257	31,723	29,711
Vote 3 - Mayor		34	69	101	211	93	167	182	182	282	382	382	417	2,231	2,372	2,523
Vote 4 - Municipal Manager		291	345	323	394	338	874	658	523	523	523	523	492	5,807	4,050	4,308
Vote 5 - Planning and Economic Development		470	474	437	504	770	934	823	802	1,002	1,202	5,002	8,616	21,036	20,860	22,051
Vote 6 - Social and Community Services		1,752	2,454	2,592	2,587	2,945	12,315	2,789	2,582	2,582	2,582	2,582	1,089	38,851	42,101	44,507
Vote 7 - Speaker		530	573	1,334	553	631	1,869	493	958	1,058	1,001	958	1,343	11,301	11,809	12,400
Vote 8 - Technical Services		5,850	12,689	11,532	7,957	8,009	20,023	8,044	7,274	9,274	10,274	7,274	9,556	117,756	125,020	133,824
Vote 9 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		15,983	38,768	21,556	18,667	18,672	48,082	19,040	18,055	20,405	22,693	23,550	31,508	296,979	320,079	337,467
Surplus/(Deficit) before assoc.		2,101	(15,183)	(5,061)	(2,345)	(2,607)	(11,543)	(837)	1,119	(130)	(315)	8,254	58,939	32,393	40,401	48,634
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	2,101	(15,183)	(5,061)	(2,345)	(2,607)	(11,543)	(837)	1,119	(130)	(315)	8,254	58,939	32,393	40,401	48,634

Table 35 MBRR SA27 -Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Revenue - Standard	-															
<i>Governance and administration</i>		10,149	21,867	9,531	8,109	10,181	22,289	7,614	9,093	9,696	11,034	11,696	10,916	142,175	158,895	168,969
Executive and council																
Budget and treasury office		10,041	21,700	9,466	8,008	10,008	22,151	7,477	8,979	9,582	10,820	11,582	10,549	140,363	156,985	166,956
Corporate services		108	167	65	101	173	138	137	114	114	214	114	367	1,812	1,910	2,013
<i>Community and public safety</i>		943	1,628	1,171	1,347	1,571	2,432	1,047	1,788	1,095	1,115	1,035	1,833	17,005	17,893	18,829
Community and social services		26	18	26	10	20	21	23	18	18	18	18	150	366	390	415
Sport and recreation																
Public safety		917	1,610	1,145	1,337	1,551	2,411	1,024	1,770	1,077	1,097	1,017	1,682	16,638	17,503	18,414
Housing																
Health																
<i>Economic and environmental services</i>		24	9,014	48	5	268	8,707	7	307			1,200	3,971	23,551	24,527	25,417
Planning and development		24	14	48	5	5	3	7	7				120	233	245	259
Road transport			9,000			263	8,704		300			1,200	3,851	23,318	24,282	25,158
Environmental protection																
<i>Trading services</i>		13,922	10,364	9,555	10,062	12,178	13,586	10,402	11,137	11,137	11,137	14,137	19,024	146,641	159,165	172,887
Electricity		10,960	6,932	7,102	7,479	9,128	9,975	6,866	7,812	7,812	7,812	10,812	15,628	108,318	116,357	124,997
Water		2,404	2,884	1,903	2,005	2,495	3,054	2,963	2,770	2,770	2,770	2,770	3,001	31,789	35,888	40,562
Waste water management																
Waste management		558	548	550	578	555	557	573	555	555	555	555	395	6,534	6,919	7,327
<i>Other</i>																
Total Revenue - Standard		25,038	42,873	20,305	19,523	24,198	47,014	19,070	22,325	21,928	23,286	28,068	35,744	329,372	360,480	386,102
			49,837	27,481	27,017	33,351	57,013	25,966	30,162	29,758	31,116	38,898				
Expenditure - Standard	-															
<i>Governance and administration</i>		7,517	6,937	7,997	8,222	9,350	17,252	10,987	11,390	9,390	12,390	8,390	25,493	135,315	147,644	153,498
Executive and council		1,655	1,026	1,757	1,058	1,461	4,053	918	1,265	1,265	1,265	1,265	2,131	19,119	18,041	19,021
Budget and treasury office		3,766	3,567	3,628	4,258	5,601	10,007	7,955	7,680	5,680	8,680	4,680	6,063	71,565	84,085	90,208
Corporate services		2,096	2,344	2,612	2,906	2,288	3,192	2,114	2,445	2,445	2,445	2,445	17,299	44,631	45,518	44,268
<i>Community and public safety</i>		1,195	1,833	1,899	1,874	2,225	3,250	2,138	1,909	1,909	1,909	1,909	2,893	24,943	27,408	28,970
Community and social services		682	530	712	726	859	1,444	1,047	829	829	829	829	1,397	10,713	12,267	12,860
Sport and recreation																
Public safety		513	1,303	1,187	1,148	1,366	1,806	1,091	1,080	1,080	1,080	1,080	1,496	14,230	15,140	16,109
Housing																
Health																
<i>Economic and environmental services</i>		1,197	1,602	1,400	1,565	1,645	4,667	1,580	970	1,300	1,470	1,582	1,625	20,603	21,780	23,094
Planning and development		570	674	437	504	770	2,434	323	302	402	602	802	600	8,420	8,934	9,491
Road transport		627	928	963	1,061	875	2,233	1,257	668	898	868	780	1,025	12,183	12,846	13,603
Environmental protection																
<i>Trading services</i>		6,070	10,527	11,417	7,701	7,902	24,538	7,536	7,354	7,354	7,354	7,354	11,014	116,119	123,247	131,905
Electricity		3,846	8,341	8,723	5,097	5,101	19,876	4,874	5,031	5,031	5,031	5,031	6,914	82,896	87,332	93,016
Water		1,476	1,438	1,946	1,856	2,053	3,914	1,914	1,575	1,575	1,575	1,575	3,351	24,248	26,463	28,928
Waste water management																
Waste management		748	748	748	748	748	748	748	748	748	748	748	748	8,974	9,453	9,962
<i>Other</i>																
Total Expenditure - Standard		15,979	20,899	22,713	19,362	21,122	49,707	22,241	21,623	19,953	23,123	19,235	41,024	296,979	320,079	337,467
Surplus/(Deficit) before assoc.		9,059	21,974	(2,408)	161	3,076	(2,693)	(3,171)	702	1,975	163	8,833	(5,280)	32,393	40,401	48,634
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	9,059	21,974	(2,408)	161	3,076	(2,693)	(3,171)	702	1,975	163	8,833	(5,280)	32,393	40,401	48,634

Table 36 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Multi-year expenditure to be appropriated</u>	1															
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Social and Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Speaker		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Single-year expenditure to be appropriated</u>																
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Social and Community Services		-	-	3,286	-	-	3,286	-	-	-	1,000	-	2,286	9,858	12,200	3,605
Vote 7 - Speaker		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Technical Services		-	1,769	1,769	-	1,769	1,769	-	1,769	1,769	1,769	1,769	7,075	21,225	19,799	29,226
Vote 9 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	-	1,769	5,055	-	1,769	5,055	-	1,769	1,769	2,769	1,769	9,361	31,083	31,999	32,831
Total Capital Expenditure	2	-	1,769	5,055	-	1,769	5,055	-	1,769	1,769	2,769	1,769	9,361	31,083	31,999	32,831

Table 37 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	11,300	11,300	10,000	10,000
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	21,200	21,200	19,799	29,226
Total Capital Expenditure - Standard	2	-	-	-	-	-	-	-	-	-	-	-	21,200	21,200	19,799	29,226
Funded by:																
National Government													21,083	21,083	21,999	22,831
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	21,083	21,083	21,999	22,831
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds													-	-	-	-
Total Capital Funding		-	-	-	-	-	-	-	-	-	-	-	21,083	21,083	21,999	22,831

2.15 Annual budget and SDBIP – Internal departments

The municipality provides major infrastructure projects internally, though some technical work is contracted to professional service providers such as designs. The key service delivery departments are Technical Services and Social and Community Services. The Planning and IDP Department also does some work related to job creation and Local Economic Development, including Town Planning and establishment.

Each of the above departments is headed by a Senior Manager directly accountable to the Municipal Manager. About 50.5 per cent of the capital budget is allocated to Technical Services while around 43.0 per cent of the capital budget is allocated to Social and Community Services department.

The Senior Managers submit their departmental Service Delivery and Budget Implementation Plans to the Municipal Manager and then compiles the municipal SDBIP which is submitted to the Mayor and tabled with the budget. These SDBIP form the basis of performance agreements.

2.16 Contracts having future budgetary implications

The municipality does have contracts that go beyond the three years.

2.17 Capital expenditure details

Table 38 MBRR SA36 – Details of capital expenditure

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Technical Services		Bulk infrastructure	2		Yes	Infrastructure - Water	Water purification		4,025			4,025				
Social & Comm Services		Multi purpose centre: X6	2		Yes	Other	Other		11,200			5,000	6,200			
Social & Comm Services		Upgrade Moloto Street Sport Stadium	2		Yes	Infrastructure - Other	Sportsfields & stadia		9,755			3,755	6,000			
Social & Comm Services		Bela-Bela High: Sport Stadium	2		Yes	Community Infrastructure	Sportsfields & stadia		1,103			1,103				
Technical Services		Storm water Limpopo Road	2		Yes	Infrastructure - Water	Storm water Roads		9,200			3,700	5,500			
Technical Services		Road Paving Phase4	2		Yes	Infrastructure - Road transport	Pavements & Bridges		15,799			3,500	4,299	8,000		
Technical Services		Bulk infrastructure X 25	2		Yes	Infrastructure - Water	Water purification		11,226					11,226		
Social & Comm Services		Upgrade of Sunfa Stadium	2		Yes	Community Infrastructure	Sportsfields & stadia		3,605				-	3,605		
Technical Services		Roads Tarring – Bela-Bela	2		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		30,000			10,000	10,000	10,000		
Parent Capital expenditure	1											21,093	22,009	22,841		
Entities: <i>List all capital projects grouped by Entity</i>																
Entity A																

Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure									-	-	-	-	-			
Total Capital expenditure									-	-	21,093	22,009	22,841			

The table shows the details budget of Bela-Bela Local municipality's capital expenditure.

2.18 Legislation compliance status

Compliance with the MFMA implementation requirements has been substantially adhered to through the following activities:

- **In-year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved. However, changes in the new financial system are expected to improve the quality of the reports.

- **Internship programme**

The municipality is participating in the Municipal Financial Management Internship programme and has employed five (5) interns undergoing training in various divisions of the Budget and Treasury Office. The contracts of the new Interns commenced in November 2012 and will expire in October 2014 and Council would consider recruiting new interns during the 2014/15 financial year.

- **Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

- **Audit Committee**

A shared Audit Committee with the Waterberg District municipality has been established and is fully functional.

- **Service Delivery and Implementation Plan**

The detail SDBIP document is at a final stage and will be finalised after approval of the 2014/15 MTREF directly aligned and informed by the 2014/15 MTREF.

- **Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

- **MFMA Training**

The MFMA training module in electronic format is presented and training is ongoing.

- **Policies**

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

I,, in my capacity as accounting officer of the municipality, hereby certify that:

- The adopted annual budget has been captured on the municipality's financial system;
- There is complete agreement between the budget on the system and the budget adopted by council;
- The adopted annual budget on the municipality's financial system is locked and will not be changed as it serves as the baseline against which to monitor and measure performance; and
- The relevant budget return forms have been submitted to the local government database.

I, further certify that the municipality has in place controls to ensure that any changes to the adopted budget will be captured separately and only in accordance with:

- a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and
- an adjustments budget approved by council.

Print Name _____

Municipal manager of _____

(name and demarcation code of municipality)

Signature _____

Date _____